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ABSTRACT

This study reviews trends in public library finance; examines recent political, economic, and technological changes; and assesses the impact of these changes on public library services. A history of the public library in America is presented, as well as an analysis of the principles of economics and public finance which reveals that current funding of public libraries is endangered by the reduced fiscal capacity of local governments, and that political conditions limit support at state or federal levels. The emergence of information industries, based on rapidly developing computer and communications technologies, and their impact on public libraries are outlined. A review of the income, expenditures, services, and current status of public libraries suggests that the role of the public library is changing, and that there is a strong connection between the functions a library performs and its funding. Results of shifting patterns of public library support in California and West Virginia are examined and three options for future funding of public libraries are presented: continuation of the status quo, achievement of a balanced intergovernmental funding system, or increased use of fees for service. Recommendations for additional study and a 113-item bibliography on public library finance conclude the report. (Author/ESR)

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TABLE OF CONTENTS

Executive Summary.............................. iii

HISTORICAL PERSPECTIVE......................... 1

ECONOMIC PERSPECTIVE........................... 17

THE INFORMATION SOCIETY........................ 39

PUBLIC LIBRARIES TODAY - A STATUS REPORT....... 52

TWO CASE STUDIES - A CONTRAST IN STYLE......... 72

OPTIONS AND RECOMMENDATIONS.................... 89

BIBLIOGRAPHY................................... 107

EXECUTIVE SUMMARY

Public libraries in the United States are fighting for their lives. Never before in the history of public libraries has the need to establish priorities and assess functions been so apparent. Buffeted by reduced budgets on the one hand and competitive information services on the other, publically supported libraries are confronting issues about their roles while making decisions concerning the source and allocation of financial support. This study reviews trends in public library finance; examines recent political, economic, and technological changes; and assesses the impact of these changes on the delivery of library services.

Historically the public library has been a private response to a public need. Public libraries were born as elitist, authoritarian institutions, they were nourished by philanthropy, and matured with the support provided by federal incentives. Throughout their history they have responded not to the needs of the public in general, but to the requirements of those who supported them. While the future is certainly not imposed by the past, it is surely conditioned by it.

Libraries today face a new set of challenges, conditions, and opportunities. Although they have historically enjoyed significant private support, they now receive almost all of their funding from public monies. An analysis of the principles of economics and public finance reveals that public support is endangered by the reduced fiscal capacity of local governments

which now provide 82% of the operating revenue for public libraries. In addition, political conditions are limiting support at the state and Federal levels.

The situation is further exacerbated by the emergence of information industries based on rapidly developing computer and communications technologies. These industries are revolutionizing the basic functions involved in knowledge production and are contributing to improved library productivity. In addition, they are creating new services which compete with those offered by public libraries.

A review of the current status of public libraries suggests that the role of the public library is changing and evolving and that there is a strong connection between the functions a library performs and its funding. As budgets are reduced, library administrators may either cut services, improve productivity, or find new sources of funding. In making choices about the allocation of scarce resources, however, library administrators provide a clear picture of the priorities of their library system.

It is increasingly obvious that there is a large and growing gap between the rhetoric and the reality of public library service. Libraries are simply not funded to be all things to all people, and an analysis of expenditures indicates that hard choices are being made. Libraries with high expenditures in personnel tend to emphasize the reference function, while those with high materials budgets tend to be primarily book distribution centers.

The potential of the public library is immense, but it remains a potential. Broad, poorly articulated goals, insufficient funding, and the onslaught of technology have converged to generate a life threatening situation for public libraries as we know them. Options for future funding include:

- Continuation of the status quo,
- Achievement of a balanced intergovernmental funding system, or
- Increased use of fees for service.

Each of the options assumes a different set of functions and a distinct funding base. Each has advantages, disadvantages, and political as well as economic ramifications. Each is based on a different vision of the public library of the future.

It is not clear which of these options is in the best interests of the libraries and the publics they serve. Many questions remain. Additional study is needed to determine which services should be provided, how these services might vary from place to place, and the most appropriate mechanisms for funding.

CHAPTER I

HISTORICAL PERSPECTIVE

> "In the face of the new situation real property owners went to their state legislatures for relief. Instead of changing the form of local taxation so as to bear more equitably on all forms of wealth or income, most of the legislatures placed legal limits of various kinds on the total amounts which local governments might levy on real estate. In some states there is a percentage limit on assessed valuation of real estate for all local purposes. In others there are upper limits on real estate taxes for specific services, including a specific ceiling for libraries. The pattern is variegated....In some states the ceilings on libraries are more cramping than on other services; in other states libraries have more generous upper limits. Consequently, the tax limitations not only create a definite ceiling on the expansion of the public library and other local services; but they are somewhat capricious in effect, bearing much more heavily on one or more public services in one place than another, for no very good reason. Because the public library is one of the smallest local public agencies, because it is not such a conspicuous and generally recognized necessity as several of the larger services and is usually not so widely supported through organized citizen pressure, it frequently fares badly in the competitive struggle for its share of the limited funds available." (Leigh, 1950)

Public libraries have not always been public, at least not in the contemporary sense. While many library administrators, beset as they are with shrinking budgets and shifting patterns of use, may find an historical review tedious, it is presented here for several reasons. First, an analysis of the development of public libraries reveals an inescapable connection between the purpose of the public library and the source of its funds. To put it more tersely, function follows funding. Second, purpose and funding have changed over the years in response to social, political, economic and technological developments. Third, the current financial crisis comes at a time when public libraries are reexamining their roles.

These observations suggest that a brief history of the public library in this country may shed light on the current financial crisis. In addition, recurring themes such as the relationship between public libraries and the government and the nature and purpose of library services may provide perspective for public libraries in their search for new roles and alternative funding sources.

THE BEGINNINGS

The first public libraries in this country were public in the same way that a corporation is public, that is, they were not private. Individuals could pay for a membership or buy shares in the library. Books were owned jointly and bought for the exclusive use of the members. Called subscription, or social libraries, these were voluntary associations of individuals who wished to have access to more books than any one member could afford to buy alone.

Some examples of this type of public library are the Philadelphia Library Company which was founded by Benjamin Franklin in 1731, and the Boston Library which began in 1792 with shares at $25 and annual subscriptions at $3. In some instances these collections were augmented by donations from private individuals. Thus these early precursers to the public library were supported by fees and philanthropy and were severely restricted in use. Nevertheless they flourished in the early days of the Republic and by 1850 over a thousand such libraries were established in New England alone.

8

In the second half of the 19th century public libraries as we now know them began to appear. These libraries were established through legislation, supported by taxation or voluntary gifts, and made available to every citizen of the town or city which supported the public library. Using this definition, most library historians believe that the first public library was founded in 1833 in Peterborough, N.H. The real beginning of the public library movement, however, is usually pegged to the opening of the reading room of the Boston Public Library at the Adams House in 1854.

This event was the culmination of several years of effort by a number of people, but the names most prominently connected with it are those of Edward Everett, a former President of Harvard College and Senator from Massachusetts, and George Ticknor, a professor of foreign languages at Harvard and leader of the Boston "Brahmins." While there is some disagreement about their motivation in establishing a free public library many feel that it was based on the beliefs that: adults are capable of unlimited self-improvement, books are the primary means of education, and most adults can not afford to buy the books needed for continuing education.

Revisionist historians have made much of the conservative elitism of both Everett and Ticknor and claim that their purpose was to provide a means by which the common man could lift himself up while the institution contributed to the maintenance of order. Theirs was not a love for the common man, but a fear of him. Whether we believe that they were motivated by liberal humanitarianism or conservative elitism, it is clear that the Boston Public Library came into existence not because the public demanded it, but because a few influential citizens felt that it was desirable.

The purpose of the Boston Public Library, which was clearly articulated in the **Report of the Trustees of the Public Library of the City of Boston** issued in July, 1852, was to provide a means by which adults could continue to educate themselves and serve the intellectual needs of the community's leadership.

> -We consider that a large public library is of the utmost importance as the means of completing our system of education....And yet there can be no doubt that such reading ought to be furnished to all....For it has rightly judged that,--under political, social and religious institutions like ours,--it is of paramount importance that the means of general information should be so diffused that the largest possible number of persons should be induced to read and understand questions going down to the very foundations of social order, which are constantly presenting themselves, and which we, as a people, are constantly required to decide, and do decide, either ignorantly or wisely."

Although the establishment of the Boston Public Library had specific causes, there were numerous forces and trends that made a public library thinkable and led to the multiplication of the Boston experiment. The causal factors most generally cited include: the economic ability to support a library; scholarship, historical research, and the urge for conservation; local pride; the climate of Democracy; the rise of an urban and industrialized population; social importance of universal public education; interest in self-improvement; concern with vocational problems; and the contribution of religion. These trends, combined with the rationale formulated and recorded by the founders of the Boston

Public Library led to the establishment of 188 public libraries in eleven states between the years 1850 and 1875. In addition, by 1875 all states had established a state library for use by government officials, the judiciary and residents of state capitals.

GROWTH AND DEVELOPMENT

During the last quarter of the nineteenth century the public library began to expand its services. Recreational reading and reference were added to the library's acknowledged functions, and service to children was initiated. The thinking behind these innovations was reasonably straightforward. If the library was to aid in educating and improving the masses it was essential that they be enticed into using the library. In the words of one librarian of the day, he felt it was his "duty" to "make" people use his library. Once in the library, it was the responsibility of the librarian to elevate his tastes.

The influx of immigrants from eastern and southern Europe, Russia, Poland, Austria-Hungary, the Balkans, and Italy provided a new audience for these expanded services. The role of the public library with respect to these new Americans was to assist in their amalgamation. Once again the stabilizing and uplifting roles of the public library were emphasized.

Funding for public libraries during this period was derived largely from the philanthropy of hundreds of wealthy citizens. Most notable among them was Andrew Carnegie. Their motivation was clearly to provide bootstrapping opportunities for the aspiring poor. In addition, however, they viewed libraries as a conservator of order and a monument to their own achievements.

In the history of public libraries in this country, the contribution of these individuals was enormous. Carnegie alone provided over $40 million for the construction of 1679 buildings in 1412 communities from 1886 to 1919.

While no one can deny the positive economic aspects of this massive giving there are other, more ambiguous, effects that remain with us to this day. First, the nature of the giving emphasized the elitist and authoritarian nature of the public library. In many instances strings were attached to gifts which perpetuated the philosophy of the giver. Second, philanthropy by its very nature is independent of public desire. It is in a sense something imposed on society rather than an expression of group action. Third, even the requirement, not uniformly enforced, that a community must contribute 10% to the support of the library had negative ramifications. Although there was no way of knowing at the time, many now feel that a small community can not successfully operate a public library. The multiplicity of libraries constructed in small communities has made the development of larger service areas more difficult. Even today over 40% of all public libraries serve localities with less than 3000 people. Nevertheless, spurred by big philanthropy, the number of public libraries had grown to 3873 by 1923 and they served approximately 53.5% of the entire population of the United States.

Pushed no doubt by the budget cuts which occurred as a result of the depression in the 1930s, public libraries entered a period of reappraisal. Studies which revealed that 70 to 80 percent of public library circulation in the 1920s and 1930s was made up of fiction suggested that the uplift function was inoperative. Nevertheless, forced to choose between educational and recreational services, librarians chose to curtail branch library service, children's services, and the purchase of fiction in order to emphasize the educational role of the library.

The key questions of the period were concerned with function, funding and the relationship of the library to government. They were summarized most succinctly by Carleton B. Joeckel: "Is free public library service really a proper and necessary function of government?... The second question will probably be: Has the public library a real platform--a definition of its purpose and of its vital necessity so brief and so simple that it will appeal to citizen and administrator alike?...Next, there is the eternal question of finance .... Finally, the political scientist ... (asks) just where does the library belong in the structure of local, county, or state government?... The traditional desire of the librarian for independence from the rest of government ... will not meet with much sympathy from the student of government

democratic institution if there ever was one, should seem so fearful of democracy in its legally constituted from?" (Joeckel, pp. 66-69)

These questions lingered, and they and others were addressed in what is probably the most impressive study of public libraries in their history. The Public Library Inquiry of 1947-1950 was a $200,000 survey and "appraisal of the American public library as a social institution" which was conducted by the Social Science Research Council with funds provided by the Carnegie Corporation of New York. The results were published in seven volumes, several of which are still considered the most authoritative in specific areas: **The Information Film, The Book Industry, Government Publications for the Citizen, The Public Library and the Political Process, The Public Librarian, The Library's Public**, and the general report, **The Public Library in the United States.**

In summarizing the findings of the Inquiry, Robert Leigh concluded that the public library was virtually a failure as a popular institution. (Leigh, 1950) He noted that only 10% of an average community actively uses the public library and that those are primarily from among the better educated. Although he suggested that public libraries would be well advised to cater to their "natural audience" and become an admittedly elitist institution, others drew different conclusions. Edward Bernays, for instance, found that "This library inquiry has created awareness both among librarians and laymen that the library occupies an extremely important place in the American pattern. The volumes of this survey have also made us realize that the library is in a position where its future is dependent upon public trends, attitudes and actions." (Bernays, p.245)

As a result of the inquiry and a growing dependence on public support, libraries began once more to expand their services and improve the quality of services provided. While emphasis was still on the library's educational role, reference services began to expand and play a larger part in the total library picture.

This growth of reference service was partially a reflection of an emerging role definition and partially in response to the need to attract public support. As a result of book burnings and other attempts to control information during the Second World War there was a growing awareness of the importance of free access to information. This concept was quickly adopted as an essential element in the working of a democratic form of government and libraries became the institutional representation of that ideal.

Increasingly, librarians spoke of the need for a neutral source of information on social, political and economic issues. It was therefore the responsibility of the librarian to make information on all sides of an issue available without bias. This philosophy was more in tune with the times, retained the passive nature of the library, and was more in keeping with the governmental nature of the funding.

FEDERAL INVOLVEMENT

In 1956 the enactment of The Library Services Act brought the Federal government into the picture for the first time. This piece of legislation was designed to assist in the establishment of library service in those areas previously unserved, especially in the rural parts of the country. In the same year the Public Library Association's Coordinating Committee on Revision of the Public Library Standards issued new standards which were completely different from those of 1933 and 1943. The major difference was the introduction of a new organizational concept, the "system."

> "Libraries are, therefore, urged to band together formally or informally in groups called 'systems.' In such systems large and small

15

> libraries in natural areas work together to make a wide range of library materials and services readily available to all residents. The systems in turn reach out to a wider world, drawing on even greater and more specialized resources offered by state and federal agencies. In a well-organized structure of library service, the readers in smaller and more remote places will have access not only to all books and materials in his region, but beyond that to the resources of the state and nation. Qualitative measures are emphasized based on the concept of library systems. A system contains a minimum of 100,000 population."

While no claim of causality can be made, it is surely more than a coincidence that the need to establish access to materials outside of a single jurisdiction was articulated at the same time that requests for Federal funds were being approved. It was also, of course, the age of the "baby boom" and increasing amounts of money at every level of government were being spent in support of education.

Although the timing of LSA coincides with the national trends of the times, it was also the result of 35 years of concerted effort on the part of the American Library Association which had first proposed federal aid as early as 1919 and 1921. Yet, in government, as well as in other things, timing isn't the most important thing, it's the only thing. Repeated surveys had revealed a shocking pattern of inadequate library service especially in rural areas. A study conducted by the U.S. Office of Education in 1956 indicated that 26million rural residents were without any public library service and the an additional 50 million had only inadequate service.(Fry,1975)

The Library Services Act was enacted to deal quite specifically with the problem. Its purpose was "to promote the further extension by the several states of public library services to rural areas without such service or with inadequate services."(P.L. 597, Sec.2a) In addition, it was seen by both Congress and the American Library Association as only a temporary program to stimulate library support by the states. President Eisenhower reflected this understanding in his statement at the signing of the bill when he declared that it "shows promise of leading to a significant enrichment of the lives of millions of Americans, which, I am confident will be continued by the states when this limited program comes to an end." (Fry, 1975) Significantly, the act required that each state submit a plan for approval before it was eligible to receive a federal grant.

In 1960 the act was extended for five more years with no significant change in the nature of the program. The period of LSA was a good one for libraries, reflecting in many ways a stable and expanding economy, a national commitment to education and a sense of expansiveness. Most observers agree that LSA did much to expand library service to those previously without service, but perhaps the most significant contribution was its impact on funding sources. From 1939-1956, 87.3% of public library revenue was derived from local government, while 2.7% came from the state and 5.7% was from other sources. (Prentice, 1980) By 1964 only 82% was from local government and the state contribution had grown to 8.4% of the total for an increase of 5.7%. (Prentice, 1980) This occurred with a Federal investment of only $2-$7 million per year.

From another perspective, however, libraries did not do quite so well. Local governments continued to be the primary source of support for public libraries and in that arena a quiet and subtle erosion had begun to occur. According to one study, a comparison of library support in the 43 largest cities for the years 1959 and 1963-64 revealed that "library support had increased 34.16% but the city operating budget was up 40.9%. The percentage of total local funds used for library purposes declined from 2.31% to 2.20%, representing a drop in 5% in 5 years." (quoted in Prentice, 1980)

To some extent the slack was taken up by increased Federal spending. In 1964, riding the tidal wave of Federal support for great society ventures, the Library Services and Construction Act was enacted to replace the Library Services Act and in 1965 federal appropriations in support of public libraries leaped from $7.5 million per year to $55 million per year. LSCA was significantly different from the preceding legislation in several ways. The scope was broadened to include funds for the construction and remodeling of library facilities and the word "rural" was dropped, thereby making all public libraries eligible for assistance regardless of geographic location. In addition, each state was required to provide matching state and local funds and to prepare a comprehensive state plan if it wished to receive its full share of the federal appropriation.

In subsequent years the Library Services and Construction Act was amended to include Federal support for: library services, construction, interlibrary cooperation, special services for the socially and economically disadvantaged, state services for handicapped and institutionalized individuals, and older readers (this last has never been funded).

The cumulative total of Federal expenditures between 1957 and 1976 was approximately $730 million. This represented less than 5% of the total public library expenditure. Nevertheless this expenditure contributed significantly to the current pattern of public library development. Robert Frase in his analysis of Federally supported library programs concludes: "Public library services have unquestionably been greatly extended and improved, using the funds appropriated under Title I. Since public libraries have traditionally been created and financed primarily by local governments, the quality and even the very existence of public library services has varied greatly, not only between states but within states as well. The Library Services and Construction Act was designed to deal directly with this problem by requiring state plans for coordinated programs designed to meet the needs of all the citizens of each state. The state library agencies have been greatly expanded as a result of the Act, and called into existence where they did not exist before. Systems of libraries have been created to provide better service through cooperative action. Interlibrary loan networks have been established on a state basis. State statutes have come into existence, establishing goals and standards for public library services and authorizing state appropriations." (Frase, 1975)

Of all the accomplishments listed above, none has more long term significance than the growing state responsibility that was encouraged through Federal subsidy. This trend toward an increasing role for the states has been called "one of the potentially most important developments during the past ten to fifteen years in public library systems." (Blasingame and DeProspo, 1970) The most dramatic example of this impact has been pointed out by Joe Shubert. In 1957 state appropriations for public libraries was approximately $5.4 million. By 1974 that figure had grown to $81.7 million. (Shubert, 1975)

But the heyday of Federal aid did not last. In the late 1960s and early 1970s, driven by inflation and social unrest, the economic fabric of the nation began to tear apart. Cities appeared the worst hit and in 1972 revenue sharing was instituted. Forced to compete with survival services such as police and fire protection, libraries did quite poorly. The portion of general revenue sharing that went to libraries was less than 1%, and when forced to cut city services local officials generally found it easier to let the library carry a disproportion amount of the burden. Although repeated attempts to reduce federal funding for public libraries or to consolidate library programs at the federal level failed neither did funding increase during the decade of the 1970s. Federal appropriations for libraries in 1981 are not appreciably different from the amount for 1971. Yet it was a decade marked by unprecedented inflation and growing demands on city budgets.

One example of the impact of these converging factors can be seen from a recent survey conducted by the Memphis and Shelby County Public Library of 13 medium and large public libraries in the South. Although an admittedly limited sample in a region that has fared better than others it is indicative of general trends. For these libraries the increase in appropriations dropped from 15% in the years 1963-1969, to 12% in 1979-1980. The increase in the materials budgets dropped from 20% to 15%. The average cost of a hardcover book went from $6.55 in 1963 to $20.10 in 1978. Thus, in spite of gradually increasing budgets, the purchasing power of libraries was seriously eroded even before the tax revolts which occurred toward the end of the decade.

In the last few years the plight of public libraries has grown as budgets have actually been cut. The following chapter will outline principles of economics and public finance and some of the financial shifts taking place within all levels of government. Subsequent chapters will examine recent developments as they effect public libraries, and the services they provide.

CONCLUSION

The purpose of this chapter has been to look backward in order to look forward. The future is not imposed by the past, but it is conditioned by it. Historically the public library has been a private response to a public need. Only recently has the public library depended solely on public support, and its role has changed accordingly. In the judgement of one recent study the public library of today is an "under-developed national resource" (Alternatives for Financing the Public Library, 1974) The reasons for this are historical. According to the study:

> "Uniquely, and for a variety of reason, the public library has not emerged or developed in a political or bureaucratic form typical of other social institutions. It exists today largely in its pristine state as an almost randomly distributed pattern of semi-autonomous local service agencies and systems, loosely coordinated with other libraries and almost quasi-governmental in nature. As a social institution, it is related by tradition and function to the public education

system. Yet, it cannot be considered an integral part of public education, nor can it be described as a functional service in the mainstream of government. This set of characteristics represents a heavy liability for public libraries in terms of attaining stable, adequate financial support for a full set of services available to all citizens. The institution's deep roots in the community and its strong civic support represent the public library's principal asset, at least potentially, in striving to develop a viable pattern of services responsive to the full variety of community and individual needs." (Alternatives, 1974)

CHAPTER 2

ECONOMIC PERSPECTIVE

Although public libraries have historically been a private response to a public need, they are at this time supported almost exclusively by public monies. Thus they are public both in their use and in the source of their support. The economic justification for public support of libraries generally rests on the theory of public goods. This chapter will examine this theory, its relationship to the recent realities of public finance and the impact of current political and economic trends on public library finance specifically.

PUBLIC AND PRIVATE GOODS

Economics has been described by one political figure as neither an art nor a science but "actually more like a dart board." In spite of its imperfect nature, however, economics does rest on some principles which are generally agreed upon. One of these is the nature of public and private goods.

A pure public good is generally defined as a good or service which has two essential characteristics: relative efficiency in joint consumption and relative inefficiency in exclusion. Society as a whole is expected to benefit from these "public goods". The most commonly used example of a pure public good is national defense.

A private good, on the other hand, is one that is generally purchased and consumed by an individual. Characteristics of private goods are: they can be provided in divisible units; benefits are not interrelated; and exclusion is possible. An article of clothing would be considered a private good.

Although many people think of governments as providing only public goods that is not the case. The nature of the good is not dependent on the agency (public or private) which makes it available. Some examples of private goods which are provided by public agencies include postal service, parking facilities, and in some states liquor store products.

While the justification for government intervention is more obvious in some instances than in others, it is generally felt that the government is justified in intervening when the provision of these goods or services contains a collective interest. Sometimes this collective interest is described as "efficiency." That is, governmental units provide a mechanism whereby individuals can act jointly, thereby obtaining more goods and services per dollar than each could acquire by acting independently.

Efficiency alone, however, is not an adequate justification for public intervention in the marketplace. Some individuals obtain the benefits of joint action by entering into voluntary cooperative groups. Private clubs, food co-ops, subscription fire departments and subscription libraries are examples of some of these cooperative arrangements. Thus, public goods are thought of as providing widespread social benefit as well .

Most governmental services are neither pure public goods, nor are they pure private goods, but in fact contain elements of both. Education, for instance, provides direct benefits to the individual and exclusion is clearly possible. (One has only to look at private schools.) On the other hand, education is thought of as providing significant benefits to society as a whole by promoting a more enlightened and productive citizenry. This benefit to society as a whole is considered a spillover effect.

Spillover effects, or externalities, are by definition, difficult to define. Costs and benefits which accrue to society are difficult to quantify and are frequently indistinguishable from those that accrue to individuals.

Two additional arguments are used to justify public funding of intermediate public goods such as public libraries. The first of these is that if fees were charged which would cover the full cost of the service some consumers would buy less than is in their long-run best interest. Second, provision of some services can alter the distribution of income thereby permitting low income individuals to receive critical goods or services such as food, medical care and education.

Although the economic theory of public goods is clearly essential in establishing a conceptual framework for an analysis of public library finance, its utility is limited. An analysis of public library activities solely on this basis, for instance, would reveal almost no justification for the delivery of information services to businesses or to support of recreational reading or other leisure time activities. Yet, distinctions among the cultural, educational, informational and recreational aspects of library services are difficult to make and impossible to measure.

Many have argued that reading of any type has educational

25

benefits, while others maintain that information services always contribute to the economic well being of the country even if the primary benefits accrue to a specific company or individual. Thus, economic principles must be joined with social value and political reality for purposes of evaluating public programs.

Issues of public library finance involve considerations of differing needs for library services, varying resources available, and the relative autonomy of the library in question. In addition, the political constraints imposed by Federal, state and local governments and their interrelationships must be included.

PUBLIC FINANCE

Local Government

Public libraries derive the bulk of their revenue , 82%, from local governments, with states providing 13% and the federal government contributing 5%. This is quite different from funding for public schools which is 48% local, 43% state, and 9% Federal. Nevertheless, in spite of repeated proposals to alter the percentages of government support for libraries, they are at this time primarily a local responsibility and particularly vulnerable to changing financial conditions at the local level. Thus an understanding of municipal finance is critical to an understanding of the current public library dilemma.

The current fiscal crisis of the cities did not spring full blown on the scene. It is, in fact, the natural progression of trends which have been in evidence for some time. In the period from 1950 to 1975, expenditures by local governments rose from $17 billion to $162 billion. This growth is even more dramatic when seen as a percentage of the gross national product. From this perspective local government spending increased from 9.7% of the gross national product in 1950 to 17.5% of the gross national product in 1975 for an increase of 80%, while spending at the federal level grew from 14.8% in 1950 to 19.2% in 1975, or an increase of 30%.(See Table I)

While these figures indicate a real growth in the quality and quantity of services provided by state and local government, and even an expanding role for local government, they do not reflect the difficulties local governments experience in generating revenue. Municipal revenue is derived from taxes and from nontax sources as well as from nongeneral sources such as utility, liquor store, and insurance trust revenue.

In order to appreciate problems of public finance, especially those that have appeared since Proposition 13 and like measures, it is necessary to understand something about the theory of taxation. Briefly, taxes are levied to accomplish three primary purposes: to generate revenue for the support of government goods and services; to redistribute income; and to reduce private income and private spending. This last is generally considered a function of the federal rather than local government.

Forms of taxation are based on principles of equity and efficiency. Tax equity is concerned with fairness and is generally divided into a consideration of the "ability-to-pay" principle and the "benefit received" principle.

As one might expect, the ability-to-pay principle is concerned with the distribution of taxes based on the varying

TABLE 1

GOVT. EXPENDITURES & GROSS NATIONAL PRODUCT

GOVERNMENT EXPENDITURES*

		Amount			As a percentage of gross national product		
Year	Gross National Product	Total (Billions)	Federal	State & Local	Total	Federal	State & Local
1940	$ 99.7	$ 20.4	$ 9.2	$ 11.2	20.4	9.2	11.2
1950	286.2	70.3	42.4	27.9	24.5	14.8	9.7
1960	506	151.3	90.3	61	29.8	17.8	12
1970	982.4	333	184.9	148.1	33.8	18.8	15
1975	1516.3	556.3	291.1	265.2	36.7	19.2	17.5

*Expenditures allocated by final dispersing agency
Source: Dept. of Commerce, Bureau of Census

financial capabilities of individuals. In this context taxes may be regressive, proportional, or progressive. A regressive tax is one for which the ratio of tax to income declines as income rises. Property tax is generally considered to be a regressive tax. With a proportional tax the ratio stays the same. With a progressive tax the ratio rises as income rises. A graduated income tax is progressive in theory although its application under current tax legislation suggests some perversion of the original intent.

Under the benefit received principle an attempt is made to distribute tax burdens among those enjoying specific goods or services. Thus, taxes are seen as prices and are distributed at a cost equal to the marginal benefit received. This principle is appealing to economists because it relates to both the revenue and expenditure sides of public finance.

Tax efficiency is concerned with the costs of tax collection. An efficient tax is one which imposes minimal costs to the taxpayer in the payment of the tax, and which can be collected and enforced with minimal cost to the taxing unit.

As indicated in Table II, local government revenues have grown substantially in recent years, from $37 million in 1960 to $90 million in 1970 and $160 million in 1975. However, the growth in tax revenues as a percentage has declined and now represents only 38% of the total as compared to 48% in 1960 and 44% in 1970. This relative drop in tax revenue has been accompanied by a corresponding growth in user charges (23.6% in 1975) and intergovernmental transfers (38.8% in 1975).

TABLE 2

TOTAL LOCAL REVENUE BY SOURCE & PERCENTAGE DISTRIBUTION
SELECTED FISCAL YEARS 1902-1975

		FROM OWN SOURCES										Intergovernmental		
			GENERAL REVENUE											
				TAXES										
Year	Total[a]	Total own sources	Total general	Total	Property	Sales & gross receipts	Income[b]	License & other	Charges & misc.	Utility	Liquor stores	Ins. trust[c]	From states	From Federal[d]
						Amount (Millions)								
1940	7,724	5,792	5,007	4,497	4,170	130	$ 18	179	510	704	$ 13	68	1,654	278
1950	16,101	11,673	9,586	7,984	7,042	484	64	394	1,602	1,808	94	185	4,217	211
1960	37,324	27,209	22,912	18,081	15,798	1,339	254	692	4,831	3,613	136	549	9,522	592
1970	89,082	59,557	51,392	38,833	32,963	3,068	1,630	1,173	12,558	6,608	258	1,299	26,920	2,605
1975	159,731	97,757	84,357	61,310	50,040	6,468	2,635	2,166	23,047	10,867	338	2,194	51,068	10,096
						Percentage Distribution of Revenue from Own Sources[e]								
1940		100.0	86.4	77.6	72.0	2.2	.3	3.1	8.8	12.2	.2	1.2	21.4	3.6
1950		100.0	82.1	68.4	60.3	4.1	.5	3.4	13.7	15.5	.8	1.6	26.2	1.3
1960		100.0	84.2	66.5	58.1	4.9	.9	2.5	17.8	13.3	.5	2.0	25.5	1.6
1970		100.0	86.3	65.2	55.4	5.2	2.7	2.0	21.1	11.1	.4	2.2	30.2	2.9
1975		100.0	86.3	62.7	51.2	6.6	2.7	2.2	23.6	11.1	.3	2.2	32.0	6.8

[a] Duplicative transactions between levels of government are excluded in arriving at aggregates.

[b] Principally individual income.

[c] Includes collections for unemployment compensation and employee retirement funds.

[d] Amounts received directly from Federal government, not transfers of Federal funds received initially by states.

[e] Intergovernmental revenue is shown as a percent of total revenue.

Source: Department of Commerce, Bureau of the Census; percentage computations by Tax Foundation.

Legally, local taxing power is granted by the state. Traditionally, states have empowered localities to tax property, although other taxing powers, such as on income, sales, etc., have been given in some states. These powers, which are granted by the state can be withdrawn by the state, and limitations can be set as well.

Even though it is considered regressive, property tax has been the mainstay of municipal government. Its importance has been declining steadily, however, since 1927, and recent actions across the country to limit it further are in keeping with the continuing downward trend. Although this tax has declined significantly in importance in total general revenues, it continues to provide 82% of local government's own tax revenues. Thus, the move of taxpayers across the country to limit property tax has resulted in severe shortages in revenue to finance public services, especially those, like libraries, which are financed primarily by local revenue.

Observers have long noted the relationship between the general state of the economy, both local and national, and the level of support for public libraries. As a service supported by local revenue, libraries are subject to the same vicissitudes as other public services. Several studies have sought to find out if there is a relationship between specific factors in a community and the level of library funding. Sokolow found, not surprisingly, that a relationship exists between the level of library support and the level of property valuation. He noted that this is probably due to a tendency of libraries to "ride along with their community's assessed valuation, depending on increasing levels for tax income increases without seeking higher revenues for other reasons, including perhaps a perceived need for expanded operations." (Prentice, 1977) He also noted a positive correlation between the level of library support and the level of personal income and concluded that "the attitude of city government is important but that attitudes of the community play a crucial role in determining levels of library support." (Prentice, 1977)

In other studies, Deile found that "cities have various standards of living, and a city with a high standard of living would support services at a higher level than one with a lower living standard." While Prentice observed that "local support of the public library is a local consideration, related to the community's ability to pay, to its attitude toward library service, and to the leadership role taken on behalf of library service by the librarians and leaders in the community who are concerned with the library needs of the community." (Prentice, 1977)

In the near term public libraries are likely to continue to rely on local support for the major portion of their budgets. Moreover, the reliance on property tax, though declining, continues. To assist public library administrators in developing a strategic position Ann Prentice suggests that two facts be kept in mind: "First, the money to be obtained for libraries depends more upon the attitudes of the funding authority than upon those of the consumers of the service and, second, a small public, strongly committed to the support of library service, has a greater effect upon the former than a general feeling of good will. General good will is nice but it won't go very far in a budget hearing." (Prentice, 1977)

While these strategies and observations may be helpful for the local public library administrator, they do nothing about the limitations inherent in the reliance of public libraries on local support obtained primarily from property tax. Because there is so much variation in the manner in which property is assessed and taxed this form of taxation results in extensive inter-area disparities. Inequities in service result with one community in a given area providing significantly more or less support for schools, libraries and other services than another.

In the case of education, state courts have held that "because of the uneven distribution of the property tax base among taxing districts (specifically school districts), heavy use of property taxation to finance schools violated the state constitutional mandate that all children in the state are entitled to equal educational opportunities. In other words, the quality of a child's education should not depend on the wealth of his parents and neighbors." (Alternatives, 1974)

Clearly, these same inter-area disparities exist with respect to public library financing, and great variations may be found in the quality of library service provided even in adjoining communities. As a result resource sharing is not always seen as desirable when taxpayers in low-tax areas wish to use services provided in high-tax areas.

State Government

Perhaps the most significant shift in public library finance has occurred in the area of state support for public libraries. In 1957 the state contribution to total public library expenditures was 2.7%, by 1964 that portion had grown to 8.4%,and the current level is approximately 13%, though there is a substantial variation among states. There is no doubt that this increased state participation is a direct result of the LSA and LSCA requirements that states prepare a statewide plan and that they provide both state and local matching funds in order to receive federal monies.

Several studies have suggested that the state portion of public library support should be increased. The position articulated in a report to the Urban Libraries Council is based on the assertion that public libraries are "an integral part of the states' mandate to provide public educational services, and that state subsidy systems for public libraries and local public schools should be more closely related." (Improving State Aid to Public Libraries, 1977) Another widely publicized report prepared for the National Commission on Libraries and Information Science has suggested that the appropriate contribution by level of government would be 30% local government, 50% state and 20% federal.(Alternatives, 1974)

In addition to referring to the judicial precedents concerning state support of public education, these recommendations are also based on the taxing capabilities of the state. Ours is a federal system of government. That is, the functions of government are split between a sovereign central government and sovereign states. Local governments, by contrast, are subsidiary to the states. The concept, known as Dillon's rule was ennunciated in 1868: "Municipal corporations owe their origin to, and derive their powers and rights wholly from the [state] legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so it may destroy. If if may destroy, it may abridge and control." (**City of Clinton v. Cedar Rapids and Missouri River RR. Co,** 24 Iowa 475, 1868)

Because municipal governments are controlled by the state, the state and local tax systems are interdependent. Traditionally, states have relied on the sales tax just as local governments have relied on property taxes. The regressive nature of the sales tax, however, together with the need to expand sources of revenue have led many states to institute personal income taxes. The advantage of a personal income tax is that it is a progressive tax and is more responsive to changing economic conditions. In addition, it is less likely than a sales tax to drive businesses out of the state. In spite of some lingering opposition to a personal income tax in some states there are now 46 states levying general sales taxes, 40 with personal income taxes and 36 with both. (Alternatives, 1974)

States have not only a broader taxing capability but also the responsibility for dealing with problems which extend beyond local boundaries. Thus, there has been increasing pressure for states to assume a greater portion of the non-federal share of support for public services. This trend can be seen in state support for public schools (43.3%), highways (74.5%), public welfare (76.1%), and health services (51.1%). As noted earlier state support for library services is only 13% of the total library expenditure.

Basically there are two types of intergovernmental transfers from state to local governments: grant-in-aid programs and tax sharing. State grants to local governments are straightforward transfers of funds for specific purposes such as education, highways, and welfare. Shared taxes result when one level of government assigns all or part of the collections on some basis to the government giving up the tax. For example, the state might reserve the right to tax motor vehicles but distributes a portion of the proceeds to local governments based on the jurisdiction in which the vehicle is garaged.

Most state level support for libraries is of the grant-in-aid variety. A recent study prepared for the National Commission on Libraries and Information Science identified six different types of aid programs:

> Equalization aid. State aid distributed in relation to local fiscal capacity or local fiscal effort.
> Per capita aid. Aid distributed in proportion to population served.
> Area aid. Aid distributed by area served.
> Flat grants. State monies distributed in equal amounts per library or library system.
> Partial reimbursement of local expenditure. State payment of a specific portion of local expenditures for specified purposes.
> Discretionary aid. Funds distributed as determined by the state agency having oversight of the public library system. (Evaluation, 1976)

Of these, the greatest portion of state support is distributed using per capita grants (45 percent). A flat grant system was used for 15 percent of the aid, while discretionary grants amounted to 11 percent, equalization systems to 7 percent, and reimbursements accounted for 8 percent. (Evaluation, 1976)

The role of the state in public library finance varies widely and is changing rapidly. Some states provide direct aid to public libraries, others concentrate on systems and networks, and a few provide assistance in library construction. The average per capita state contribution for 1980 was 82 cents, but the contribution by state ranged from $2.47 per capita in Georgia to no contribution at all in several of the states. The total amount appropriated by states for public library support was $166,458,228, but almost 20% of that was appropriated by the state of New York.

Federal Government

Without a doubt, much of the progress in public library support that has taken place at the state level has been a result of federal incentives provided by the Library Services Act and the Library Services and Construction Act. Described elsewhere in this paper, LSA began with an appropriation of $2.1 million in 1957, a number that grew to $76 million in 1967 and was $74.5 million in FY 1981.

Funding for construction under LSCA Title II was abandoned in 1973, and funding for other titles has fluctuated in the years since 1967 according to the general state of the economy and the mood of Congress and the President. Although federal support has had a significant impact on the development of public library services, the uncertainty which has characterized the Federal program in the years since 1976 has diminished its potential impact. Joseph Shubert has noted some of the problems which have accompanied Federal involvement: "As one examines the accomplishments and strengths as well as the weaknesses and problems of the LSA/LSCA years, one notices first the disparity between the promise and the reality of the program, i.e., the gap between legislative authorization and appropriation. For more than half of the LSCA program's history, and despite work on long-range planning, this gap, fiscal uncertainty, and delayed appropriations have necessitated ad hoc decisions for both state agencies and local libraries. Difficult decisions had to be made to keep programs afloat and staff together in 'lean periods.'" (Shubert, 1975)

The appropriate role of the Federal government with respect to library support has never been clearly articulated or generally agreed upon. The Urban Library Council has pointed out that support for public libraries is minimal compared to other Federal expenditures. In a recent brochure, ULC noted that the relative share of Federal income taxes paid by a family of four, earning $20,000 per year, go to support programs as follows:

Military	$606.43
Debt service	346.43
Education	62.43
Highways	43.43
Food stamps	38.43
Housing	28.43
Price supports	21.43
IRS	19.43
Postal subsidy	11.43
Congress	6.43
Amtrak	4.43
Public libraries	.43

Nevertheless administrative support for public libraries has been less than enthusiastic since Kennedy. In spite of the fact that most of the major Federal library legislation was enacted during his Administration, President Johnson expressed concern about the fragmentation of the programs and John Gardner, his Secretary of Health, Education and Welfare even testified against expansion of LSCA. Nixon frequently proposed reductions in Federal library support, proposed general revenue sharing to replace categorical grants, and impounded library appropriations. Even President Carter, a strong library supporter, proposed lower levels of library support. Most recently President Reagan has recommended limitations on all non-defense spending, and authorizations for library programs have been among those experiencing reduced ceilings. In addition the Reagan Administration has displayed renewed enthusiasm for grant consolidation and the establishment of block grants.

Another concern about LSCA has been the extent to which funds are actually used to underwrite public library services. A very recent evaluation of LSCA Title I found that in Fiscal Year 1975 public libraries expended 43.3% of these monies with State Agencies consuming 28.9% and regional public libraries spending 20.7%. In Fiscal Year 1978, however, usage patterns had changed and local public libraries expended only 35.2% of Title I funds while State Agencies had increased their share to 35.2%. (AMC, 1981)

In another evaluation of LSCA, the researchers concluded: "...as a fiscal subsidy method, the LSCA provisions represent a rather crude mechanism utilizing factors more appropriate in a tax redistribution scheme than a goal oriented aid system. The total cost .... seems to be an expensive underwriting of the status-quo in a functional area where directed expansion and development are needed. It is difficult to achieve planned objectives under this kind of arrangement." (Alternatives, 1974)

In spite of its shortcomings, LSCA has contributed to public library development well beyond the dollars involved. Moreover, it has recently been extended through 1984. The National Library and Information Services Act has also been introduced, though its fate is uncertain in light of current economic stringencies.

User Charges

As has been indicated above, local governments have begun to rely heavily on fees to support a number of services. Charges have traditionally been used to finance bridges and highways, to support hospital and health care, and to pay for public utilities. Although a discussion of fees in connection with library services tends to generate high emotion, an understanding of the underlying principles may prove useful.

Briefly, the discussion includes: the character of public goods and services; the issue of allocative efficiency; the concept of equity; and developments in the areas of marginal cost pricing. This first, is an examination of those goods and services for which fees can practically be charged. The second and third examine the question of whether fees should be imposed. The final item deals with how charges should be levied.

A recent publication put out by the Advisory Commission on Intergovernmental Relations summarized the criteria for evaluating particular use charges:

> "The case for charging most or all of the costs against the users is strongest if -
>
> A. Substantial waste of the service will result if it is provided free of charge.

B. The benefits are primarily individual in character rather than benefiting the community as a whole.
C. The prices for the services can be collected easily.
D. The method does not result in burdens on individuals which are considered to be contrary to accepted principles of equity.

In contrast, the case for providing the services free of charge and covering their costs from taxation is strong if -

A. The services are of such nature that little waste will occur if they are made available without charge.
B. The benefits accrue in part to the community as a whole, so that the charging of a price will result in unnecessary restriction of use of the service.
C. Costs of collection of prices are high.
D. The pattern of distribution of burden which would result from charging for the services is one which would be regarded as inequitable." (ACIR, p.65)

As noted earlier, pure public goods are indivisible and potential users are difficult to exclude. Many goods and services provided by local governments are not pure public goods, but are in fact divisible, excludable, and are therefore chargeable. While this alone does not justify the use of fees, it does establish the fact that public pricing is possible.

Economic efficiency is defined as supplying goods and services preferred by the community. The use of fees provides a mechanism for determining preference through willingness to pay. Those who favor fees maintain that just as in the market, use of prices helps in allocating scare resources for the greatest benefit.

Equity has to do with fairness. It rests on the belief that when individual benefits are paramount, the individuals receiving the benefits should bear the costs. Unfortunately, it is not always easy to determine where personal utility stops and social utility starts. Moreover one of the perversions of tax support of some public institutions is a redistribution of effective income from lower to higher income groups. One example of this might be community colleges which are heavily subsidized, but used primarily by middle-class students. A more equitable approach might be to charge close to full cost, but provide generous financial assistance to those needing it.

Questions about the distributional aspects of public pricing are frequently raised in discussions of user fees. The fact that individuals who do not pay would thereby be excluded from using a service forces an examination of the proposal on the basis of social value.

Librarians have long held that exclusion from the public library would have a negative social impact, and would in fact subvert the very meaning of a public library. Nevertheless libraries do regularly charge fees for interlibrary loans, reservation of books, fines for overdue books, loans of current best sellers, film and equipment rental, and photocopying.

The use of fees in public libraries on a broader scale is largely untested. In addition, some state and local governments have regulations which would prevent libraries from retaining fees if collected. The use of fees by public libraries is neither encouraged nor discouraged. Their use is increasing, however, and the rationale for that is significant.

Private Support

For many years public libraries received a major portion of their support through private philanthropy. There are still a few libraries supported either entirely (New York Public) or in part by private giving. Some of this money continues to flow from individuals, but today we are more accustomed to thinking of foundations as sources of private support.

There are indeed many foundations, over 26,000 in fact. Over 95% were established since 1945. Some of them, such as the Carnegie Foundation, the Ford Foundation, Rockefeller, Mellon and Kresge, have a long history of contributions to libraries. Although in a few instances operating money is contributed, more frequently foundations provide support for construction, or for some other one-shot program. Foundations associated with a particular geographic area are more likely to support home grown activities.

This kind of support can certainly be useful to a specific library for a specific purpose and should not be overlooked. As a resource to be counted on from year to year, however, it is quite weak.

Intergovernmental Issues

As indicated earlier, support for public libraries is currently derived from a mix of federal, state, and local appropriations with some additional assistance from gifts and fees. Most authorities feel that local resources will continue to provide the major portion of public library support. There are others, however, who feel that state governments should begin to pick up a larger part of the burden. Some library representatives, especially those from large urban areas, have argued for beefed up federal participation. Recent developments, however, suggest that the federal government is unlikely to accelerate its involvement.

The following chapter will examine the information industry, and the impact of private information services on public libraries. Subsequent chapters will assess the current financial crisis of the public library. They will look at the publics it serves and the services rendered. Economic, political and technological trends will be related to library issues. Finally income and expenditures will be analyzed to see to what extent functions and funding are related. In the final chapter funding options and financial strategies will be presented.

CHAPTER 3

THE INFORMATION SOCIETY

While economic conditions are creating one set of pressures for public libraries, the development of an information industry is further conditioning the environment in which libraries must operate. Driven by technological change of massive proportions this industry, or collection of industries, is changing the landscape of our lives. It is altering the way we work, and play, and make decisions. It is introducing new products and services, and it is finding new ways to produce old products and services.

The impact of these new developments on libraries has been variously interpreted. Some find hope in the prospect of new, more efficient library systems flowing from greater technological capabilities. Others see the demise of the public library as we know it. They fear that private information services will compete with libraries and further erode an already weak funding base.

This chapter will outline the technological developments that are responsible for the emergence of the information industry; describe its birth, growth and scope; and examine the potential impacts on public libraries.

INFORMATION TECHNOLOGY

Information technology, broadly defined, has been around for quite some time. Computers made their debut when Charles Babbage invented the Difference Engine in the mid-nineteenth century, and human beings have been communicating since before they were human beings. Even electronic communication is not new. The telegraph appeared over 150 years ago, and telephones are ubiquitous.

Nevertheless, recent developments have revolutionized computer and communications technologies and have resulted in what has been called the fourth great communication invention. (Resnikoff, 1979) The first was the invention of writing, the second was the invention of the alphabet, and the third was the application of moveable type to printing. This last is generally considered instrumental in the rise of the middle class, the development of modern governmental structures, and the birth of the Reformation.

With advances in telecommunications and micro-electronic technology we are entering the fourth era which is characterized by the ability to store and retrieve vast amounts of information and the capacity to interact with it, to manipulate it, and to re-create it in different forms. All of this is made possible by the computer, especially as it has evolved since the invention of the silicon chip. This small, quarter-inch piece of silicon now contains 100,000 integrated transistors. By 1985, chips are expected to contain as many as one million bits, and computer scientists even talk about putting 30 million bits on a single chip.

This, however, is only the beginning. Many scientists talk about the development of computer memory at the molecular level within the foreseeable future. In addition, circuitry, or that part of the computer responsible for the speed of operation is being revolutionized by a man named Brian Josephson. Already computer circuitry built on his principles have demonstrated a switching time faster than 20 trillionths of a second. (Branscomb, 1979)

While many disagree about the speed of application or the extent to which it will effect our lives, it is clear that computers are getting smaller, faster, cheaper, more reliable, and more pervasive. One example of the magnitude of these changes can be seen if we look at the capacity of the human brain. Twenty-five years ago a computer memory with this large a capacity would have filled a small mountain 500 meters high, now it is not much larger than a typewritter. Since 1953, main computer memory has shrunk 800 times in size and continues to shrink at the same rate. (Branscomb, 1981)

Another element which is fundamental to the use of computers is cost. Here, too, the trend is clear - more power for less money. The cost of electronic logic and memory has been falling at a rate of 25 percent to 30 percent a year, compounded over the last two decades. Storage technology has been decreasing by 40 percent a year and communications about 11 percent. Satellite costs have also fallen by 40 percent annually. (Rochell,1981) As early as the mid 1980s a powerful third-generation microcomputer will be available in the $100 price range.

Even now computers offer an economically desirable response to rising labor costs, and have become commonplace. In the United States alone 400,000 computers are now doing work that would require five trillion people if done by hand. Moreover, all the information machines in the country can be powered for a year with the energy of one oil tanker, and the primary resource needed to build the machines of the future is sand. (Neustadt, 1979)

Communications systems, too, are changing rapidly and are becoming increasingly indistinguishable from computer systems. Thus we are seeing the growth of massive "telecomputing" networks. Digital information may now be transmitted using the electromagnetic spectrum (radio, television, satellite) or some form of telephone line or cable.

The application of these technologies has created numerous challenges and opportunities. Satellites are now used for video conferencing and document transfer. Cable is becoming interactive and is likely to be in 85% of American homes by the end of the decade. American Telephone and Telegraph (AT&T), the largest corporation in the world, has moved aggressively into the information delivery business using existing telephone lines. Viewdata and teletext systems which will bring information directly into the home, by-passing existing institutions, is being tested.

Clearly these developments are changing our lives in many ways, and will surely change them more substantially in the future. The most obvious impact to date, however, is not on our personal lives, but upon the economic life of our country and our institutions.

THE INFORMATION INDUSTRY

The information industry is not easy to define. It, like information technology, has been around for a long time, yet it is only in the last decade that anyone seems to have noticed. Not surprisingly, information industry as a designation appears to have come into use about the time information technology began to offer an economically viable option to increased labor expenditures.

Fritz Machlup was the first to notice that something was changing. In his landmark study published in 1962, he identified a large "knowledge-based" industry in the United States. (Machlup, 1962) Several years later Daniel Bell described the phenomenon as the "post-industrial society," (Bell, 1976) and Marc Porat concluded after extensive research that almost 50% of the gross nation product of the United States is derived from information-related activities. (Porat, 1977) Most recently Alvin Toffler has warned that we may soon be swept away by "the third wave." (Toffler, 1980) On a more practical level, the Information Industry Association, the Harvard Program on Information Resources Policy, and the National Commission on Libraries and Information Science all came into existence in the early 1970s.

It appears, then, that after a rather long gestation period, the information industry as a recognizably distinct entity was born about ten years ago. As noted earlier Marc Porat described the information industry in exhaustive terms, claiming close to 50% of the gross national product was derived from it. The Harvard Program on Information Resources Policy initially arrived at similar statistics based on the aggregate revenue derived from television, radio, postal service, education, research and development, federal information services, banking, insurance, legal services, and a few other activities.

As the information industry has grown and developed attempts have been made to get a more realistic assessment of its size and scope. Benjamin M. Compaine, of the Harvard Program on Information Resources Policy, now claims that the traditional information industry was responsible for $43,397 million in revenues for 1978, a figure that represents only 2.1% of the gross national product. This is based on a definition of the information business that includes only providers of information and does not include companies that transmit information such as the telephone company and postal service, or those concerned with processing it, such as computer hardware and software manufacturers. Those included in his analysis are: newspapers, radio and television broadcasting, magazines, cable television, books, theatrical film, newsletters, specialized reporting services, credit information services, research services, general business data bases and loose-leaf services. (Rochell, 1981)

The Information Industry Association sponsored a survey of information businesses and published its findings in **Business of Information Report, 1980.** It reported an industry with sales of $9.6 billion in 1979 and an overall growth of 20-22 percent per year. (Zurkowski, 1981) Information service categories included in the survey were:

REVENUE (in millions)	1979	1980 Growth
Primary Information Services	$5,200	16.6%
Secondary Info. Services	800	17.3

Computer Dist. Services	785	29.3
Retail Info. Services	160	16.2
Seminars and Conferences	50	21.5
Information Support Services	1,400	31.9
All Other	75	31.7

Most of the 1,024 companies surveyed provide services in more than one of the categories listed, and together they employ over 380,000 people.

Clearly this definition of the information industry is severely limited. It omits hardcover and paperback book sales, data processing sales, magazine advertising revenue, newspaper revenues, not-for-profit and government sales, and large corporations such as American Telephone and Telegraph and the postal service.

Whether one defines the information industry conservatively or expansively, it is clear that it is a large and growing industry. It is providing a way to increase productivity in many industries and it is developing new services that either compete with those offered by public libraries or render library services irrelevant.

IMPACT ON LIBRARIES

The impact of the information industry on public libraries may be viewed from a number of perspectives: the effect on the basic functions involved in knowledge production and distribution, the contribution to improving library productivity, and the development of new services provided either commercially or by the library.

Knowledge Cycle

Whether one sees the public library in purely conventional terms, as a collector of books, or in more progressive terms, as an information distribution center, some of the functions with which it is concerned remain constant. These functions describe a kind of knowledge cycle that begins with creation or generation, and concludes with use and re-creation. They encompass the activities of writers, publishers, distributors, libraries, book stores, data base producers and others. If we describe these functions generically, they include: creation, replication, storage, retrieval, communications, and finally use and creation of new knowledge or information.

The following chart lists these functions, the old technology used to accomplish each, and the new technology that is being introduced:

Function	Old Technology	New Technology
1.Creation - text entry, edit, composition	1.Typing, typesetting.	1.Electronic word procession, OCR scan
2.Replication	2.Printing	2.Computer terminal display,print, videodisc mfg.
3.Storage	3.Shelving, cataloging	3.Digital mass storage, videodisc
4.Search, select, retrieve	4.Catalog search, browsing	4.Computer data base software
5.Communications	5.Mail, freight personal travel	5.Computer network, teletext, CATV, satellites, videodisc

Source: Branscomb, 1981

The listing above suggests that on even the most basic level, libraries must employ developing technology to perform traditional tasks such as collection, preservation and distribution of material now found in books. These technologies are, in fact, even changing the way in which book and magazine publishers produce books and magazines. The trend is clearly toward greater use of electronics.

As technological developments change the nature of the book itself, a parallel development is changing the way in which people use books and other information. Some call it "professionalization," (Branscomb, 1981) while others call is "de-massification." (Toffler, 1980) It describes a trend in our society toward increasing diversity and differentiation and the need for very specialized materials.

This trend is apparent in the growth of the special interest magazines and the decline of general interest magazines such as **Look** or **Life**. It is apparent in the phenomenal growth of online retrieval systems which not only offer specialized information, but also provide it with great speed. It is apparent in the emergence of information brokers, who provide rapid, customized information services. It is apparent in the growth of "narrow-casting", a development most obvious in the multiplicity of special interest channels offered by cable, but also present in radio broadcasting geared to very specific audiences.

Library Productivity

Productivity is generally defined as output per unit input, or more specifically as output per worker hour. Libraries have always been labor intensive, but until quite recently the cost of library labor was relatively low, and the cost of technological alternatives was relatively high. Two trends have made increased use of technology economically attractive: library workers have unionized in large numbers and now demand reasonable wages; and the cost of technology has declined markedly.

These trends, together with sharply reduced budgets have brought about some significant changes. The investment in computerized systems now makes good economic sense, and the library market that has developed has provided further incentive to the private entrepreneur to develop competitive systems. Thus, a number of automated systems now perform acquisitions, cataloging, circulation, reference, and other traditional library functions, with a resulting increase in productivity.

While increasing productivity within an individual library, these developments have also altered interrelationships between libraries. The real power of information technologies can be seen in the emergence of networks and information utilities. On the one hand, economies of scale are realized in areas such as shared cataloging, and on the other, libraries are no longer confined to providing only those materials housed on site.

Because of these developments, the role of the library is changing. Many are beginning to regard it not as a place where books are housed, but as a communications center which provides access to information no matter what form it is in, or where it may be located. Thus there is at least the potential that libraries will be able to provide the fast, customized services that contemporary society requires.

Information Services

While information industries are providing a mechanism for increasing productivity and developing extensive networks, they are also providing information services that may be competitive with those offered by public libraries. Libraries no longer compete only with school libraries, newspapers, consultants, and universities for funds. Today they also compete with information brokers, government produced data bases, information and referral services, newsletters and special-interest magazines, online databases, viewdata and teletext systems, cable systems, optical disc storage systems, telephone hotlines, and many other information industries.

As noted elsewhere in this report, there has never been a funding base which provides support for the public library as an information center. Moreover, based on one set of calculations, "libraries represent in revenue terms, less than one percent of today's information marketplace." (Kalba, 1977) If libraries are to provide information services, as that term is currently used, it will be necessary to define quite specifically what the library wishes to accomplish and to develop a financial support base adequate to support that goal.

In view of the economic realities outlined previously, it is unlikely that tax support will be sufficient to provide data base searches and other specialized information services, nor is it clear that the public should support such activities. There is a strong conviction among many that services provided specifically for an individual or institution ought to be paid for by the individual or institution using the service. The public policy issues embedded in a discussion of fees goes beyond the scope of this paper. Given current political and economic conditions, however, it appears that if sophisticated information services are to be offered by the public library at all they will be offered for a fee.

CONCLUSION

This brings us back to the recurring issue: what should the public library be doing? Information technologies are already effecting internal library operations as public libraries struggle to increase productivity. The extent to which these technologies will alter library services, however, is unclear. Libraries may choose to enter the information arena in a big way, charge user fees for sophisticated services, and use any additional income to subsidize other services provided at no charge. This would place libraries in competition with private information services in much the same way that libraries now compete with book stores.

A second option is for public libraries to play an educational role. In this instance a primary objective would be to promote information literacy. Presumably this activity would require direct interaction with commercial information providers in a more creative way than has been true in the past.

Third, the public library may leave information provision to the information industry, and restrict its use of technology to those areas which contribute to increased productivity. These and other options are examined elsewhere in this report.

The impact of the information industry on libraries is massive and will not go away. Computer and communications technologies are effecting the way libraries operate and the environment in which they exist.

CHAPTER 4

PUBLIC LIBRARIES TODAY - A STATUS REPORT

In California it is known as Proposition 13. In Massachusetts it is known as Proposition 2 1/2. Whatever the number, voters in state after state have adopted measures that would limit state and local taxing authority. Most of these focus on the property tax, although some place restraints on sales tax as well. The impact varies wildly but has been felt in Arizona, Nevada, Oregon, South Dakota, Utah, Michigan, Montana, Arkansas, California, and Massachusetts.

In Montana, Initiative 86 indexes tax bills to keep pace with inflation; its effect on public libraries is not clear. In Arkansas, the new initiative bars court ordered property reassessments and is unlikely to effect libraries. The Massachusetts situation, on the other hand, is dire, with tax rollbacks in the 40% range causing major damage to public libraries throughout the state.

In spite of headline grabbing cutbacks in libraries across the country a recent survey conducted by the University of Illinois revealed that based on an index setting 1970 expenditures as 100, American public library expenditures rose from 220 in 1979 to 246 in 1980. According to the report this is "the largest one-year increase in expenditures in the 40 years for which data are available." (American Libraries, Sept. 1981) Circulation during the same period rose only three points, from 109 in 1979 to 112 in 1980, again calculations are based on a 1970 index of 100. The survey report notes that much of the increase in expenditures is due to inflation and that the real purchasing power of libraries has actually declined.

Some libraries, however, have experienced not only a decline in purchasing power, but a real decrease in dollars available. A sampling of headlines appearing in **Library Journal** within the last six months indicates something about the range of financial conditions libraries are currently facing:"Oregon agency cuts staff to absorb $$ reductions," "Pratt plans drastic cuts to compensate for wage hikes," "New York ups funding to ailing branch system," "Oklahoma County plans bid to raise tax support," "Federal $$ to Cleveland for database serving business," "Kresge $$ will build for Chicago a children's science library," "Boston Public faces financial disaster," "Baltimore Co. logs $$ increase, but sees no gain in real dollars," "Wisconsin network council pegs impact of $$ losses," "Tucson Public Library must cut staff ten percent," "Huntington Beach, California raises $15,000 in an auction," "Funding down 20 percent in Clinton-Essex, New York," "Dallas Public wins fight against tax rollback," "State library agencies face state, federal $$ cuts," "$1.9 million in new $$ bolsters King County, Wash.," "N.H. state library faces massive cutbacks," "Missouri state library aid slashed in half," "N.Y. governor's budget ups aid to $33.4 million," "State aid in W. Virginia may double to $9.9 million,"

One final headline which appeared in the September 1, 1981 issue of **Library Journal** summarizes the worst fears of many public library administrators: "Denver Public loses federal, state, local

$$." A subhead notes: "Federal losses could shut down regional energy center; state cuts add to financial burden; city $$ freeze will necessitate reorganization & staff cuts." Henry Shearouse, Director of the Denver Public Library is quoted as saying that "libraries today, especially urban libraries, are caught in the grip of rapid change, and that libraries must find the management techniques that will enable them to fulfill their proper function as libraries."

Clearly, where a library stands on financial issues depends on where it sits at the budget table. Some libraries are holding their own or even enjoying increases in revenue, while others are experiencing cutbacks of major proportions. In any event all must deal with the corrosive effects of record shattering inflation.

Faced with budget cuts either directly or through the erosion of inflation, administrators have a limited number of options. They may cut services, increase productivity, or find new sources of revenue. No matter which strategy or combination of strategies are used by libraries, however, the first step is to do what libraries and other public institutions have always done during times of insufficiency, that is re-examine roles, functions and priorities. It is first necessary to determine the proper library function.

THE PUBLIC LIBRARY ROLE

As indicated in the first chapter of this report, it is not the first time libraries have found it necessary to rethink their role. There has always been a delicate balance between the library as an educational institution, the library as a source of recreational reading, the library in its cultural capacity and the library as an informational agency.

The public library is, in fact, a multi-purpose agency whose functions have evolved and changed over time. It reflects the society in which it exists and responds to the needs of those supporting it. Throughout its history there has been a gap between the idealized role of the public library and the services actually rendered. This gap has now grown into a chasm that must be bridged. Before a realistic solution to the current financial dilemma can be devised it is necessary to look at roles of the public library from several perspectives - rhetoric, reality, and technical feasibility.

Rhetoric

The role of the public library has always been defined with almost missionary zeal. Developed and refined for more than a century, the justification for public support of libraries has come to rest on a logical syllogism: democracy is desirable; it depends on an educated populace; libraries provide the means for educating and informing members of society to pursue both personal and social goals; therefore, libraries are desirable and should receive public support.

Historically, those who have supported public libraries have done so in the belief that they contribute to social stability and progress: "...it is of paramount importance that the means of general information should be so diffused that the largest possible number of persons should be induced to read and understand questions going down to the very foundations of social order."(Report of the Trustees of the Public Library of the City of Boston, July 1852) "Libraries are now conducted for the many, not for the few. It is our aim to provide something for everyone who can read."(Bostwick, 1918) "The objectives of the public library...in essence are two - to promote enlightened citizenship and to enrich personal life." (Joeckel, 1948) "The library is the best training ground for enlightenment that rational man has ever conceived." (President Lyndon B. Johnson on signing of the 1964 Library Services and Construction Act)

Most recently this message was repeated by delegates to the White House Conference on Library and Information Services:

> WHEREAS, information in a free society is a basic right of any individual, essential for all persons, at all age levels and all economic and social levels, and
>
> WHEREAS, publicly supported libraries are institutions of education for democratic living and exist to provide information for all,
>
> THEREFORE BE IT RESOLVED, that the White House Conference on Library and Information Services hereby affirms that all persons should have free access, without charge or fee to the individual, to information in public and publicly supported libraries, and
>
> BE IT FURTHER RESOLVED, that the White House Conference on Library and Information Services advocates the formation of a National Information Policy to ensure the right of access without charge or fee to the individual to all public and publicly supported libraries for all persons."(Final Report, White House Conference on Library and Information Services, 1979)

Thus, the library creed affirms that the function of the public library is to provide the means necessary for the educational, informational, and recreational development of the individual. It is an essential democratic institution because it provides the information that is necessary for a citizen to participate in an informed way in the political process.

Though philosophically appealing, this assertion of the fundamental role of the public library raises one unavoidable question. Why, if libraries are so essential, are they so unsuccessful in attracting support?

Reality

While the underlying philosophy has an egalitarian ring to it, regular users of public libraries have been characterized as "an elite." This term was originally used by Berelson in his landmark study, **The Library's Public** which was published in 1949 as part of the Public Library Inquiry. The findings of thirty years ago have been reinforced by a continuing string of user studies, making that study as valid today as it was at the time.

Briefly, it found that 10% of the adults borrowing books accounted for 98% of all circulation, and 10% of those frequenting the library were responsible for 95% of the visits. Berelson also noted that active library users were not typical of the population as a whole. They were generally better educated, had a higher income, and enjoyed greater social prestige. (Berelson, 1949)

A study conducted by the Gallup Organization in 1975 found that while 51% of Americans aged 18 and over had visited a public library in the last year, only 9% could be considered "heavy users." In fact, 72% of the population were found to have used the library either "not at all" or "lightly." Moreover, the "heavy" user was found to be 18-34 years of age, college educated, living in a household with children under 18, and a resident of the Eastern part of the United States. (Gallup, 1975)

In an effort to determine the role of the library in providing information, as contrasted with providing books, a study of **Information Needs of Urban Residents** was conducted in 1973. It discovered that "only three percent of respondents overall used a library to obtain information on their most important problems."(Warner, 1973) Additional information needs surveys have similar findings, and the 1975 Gallup study found that most library users still come to the public library to borrow books, read magazines, and consult reference materials.

People do have information needs to be sure. Most of us feel inundated with information and feel that the primary problem is finding a way to get through it rather than finding a way to get to it. As noted in the previous chapter, the information society appears to be upon us. Xerox, IBM, and the postal service all claim to be in the "information business," and television, radio, newspapers, and cable companies all make a claim to protecting our right to know. Many assert (using various methods of counting) that over 50% of our countries' gross national product is now derived from information related activities. Whether we choose to accept that figure or not, it is clearly true that there are a lot of people doing a lot of work under the general rubric of information.

The role of public libraries in this densely informationed environment is not clear. Based on the findings outlined above, however, it is obvious that libraries are not the only guardians of liberty, and their position as primary dispensers of education and information is largely mythical.

Public libraries do, however, make a unique and significant contribution that justifies public support. They are political as well as social institutions, and public libraries do more than educate or inform those using them. In many ways they are and always have been symbols of continuity and social order. They embody the cultural, social, political, and economic history of a society. They transmit the ideas, the hopes, the successes and failures of a people. They tell us where we came from and who we are. They are the custodians of value.

This role is one that is performed by no other institution. It is unprofitable and without immediately measureable results. It is a public good in every sense of the word. The history of a people is indivisible and nonexcludable, although exclusion from access to it is conceivable. It will not however attract massive amounts of financial support.

Technological Change

The current public library dilemma is further exacerbated by emerging information technologies. While developments in the computer and communications field can revolutionize the manner in which library functions are performed, they are also creating industries which compete with libraries in the provision of information, education and recreational material. The growth of these technology based industries, described elsewhere in this report, is further eroding the traditional base of public library support.

Even at the most basic level, library service patterns are being altered. Libraries were originally formed to provide access to books. Many people still define libraries in terms of their book stock, and the vast majority of people visiting libraries do so to borrow or read a book, magazine or other printed material. Yet libraries are not the principal providers of books.

In spite of the proliferation of radio, television, cable and other media that flash and clang in the night, the importance of books has grown in the last decade. The number of new titles produced each year has grown from 20,542 in 1964 to 41,216 in 1978. (Bowker Annual, 1965, 1979) While income from book sales has also increased, this increase is due to a rise in prices rather than greater volume of sales, for the number of volumes sold has actually declined. This is not true in all categories, however. The number of mass market paperbacks sold has actually tripled from 1964 to 1977, while book clubs have shown a small increase.(Getz, 1979)

Outlets for books have also changed during the period in question. The total number of bookstores has grown 71%, with specialty bookstores showing the fastest growth. In addition paperbacks are now found at grocery stores, drug stores and newsstands. A recent survey of reading habits of the American public revealed that almost one out of three people got the last book read from a friend or relative, 24 percent purchased it at a bookstore, and 12 percent borrowed it from a library.(Gallup, 1975)

These data indicate that even in the traditional area of book distribution, libraries have intense competition. Recreational reading is easily and cheaply available and special interest publications are growing. Moreover economic constraints are making it increasingly difficult for public libraries to buy more than a small percentage of the titles published each year.

At the same time, advances in computer handling and telecommunications have led to the development of networks which contribute to resource sharing. At one level, the quantum leaps in technological development have provided the basis for enormous economies of scale in performing traditional library functions. Shared cataloging, for instance, is now a reality in many libraries. One spinoff of shared cataloging is the creation of a bibliographic control capability. Though still far from complete, many hope that ultimately there will be a national system of bibliographic control that will enable library users to locate a title no matter where it is housed.

At another level, these technological innovations have led to the development of an entirely new product, the computerized data base. This may consist of either bibliographic citations, abstracts of longer documents, or full text. At the present time there are over 900 databases available online and some information, for example the 1980 census, is available only in this format.

Some forecasters have predicted that if the rate of change in computer and communications technologies continues, with the continuing reductions in size, speed and cost, the entire contents of the Library of Congress will be available to every individual in the country by the end of the century. Even now, using videodisc technology read by a laser, the entire contents of the Library of Congress may be stored on 200 feet of shelving, that is, on one wall of a large room.

The potential consequences of these developments for public libraries are described in the preceding chapter. They point to an erosion of the functions of the public library and a resulting reduction in financial support available. The gap between the rhetoric and the reality has always existed, but has grown wider during the last decade which has been characterized by increased technological development and a diminished ability of the local government to provide continuing financial support for public services. Because of its promise, and the nature of our society, the public library has a strong hold on the hearts and minds of the American people. In the words of one writer: "We have invented a potentially powerful institution and have demonstrated, here and there, that its potential can be realized. But we have tried to nurture this national resource within the confines of a highly circumscribed local fiscal base and inadequate financing measures. We have taken functions that are national, state-wide, regional, and local in impact, and sought to sustain them all with public monies collected primarily to provide distinctly local services." (Alternatives, p.26)

THE LIBRARY BUDGET

Income

The National Center for Education Statistics (NCES) regularly conducts a Survey of Public Libraries. The most recent survey was conducted in 1977-78. A preliminary report, not yet released, indicates that in 1977 there were 8,456 public libraries in the United States with an aggregate yearly income of $1.5 billion.

This is an increase of 35% since the survey in 1974. This revenue was derived primarily from local government (74.9%), with states contributing 6.6%, federal 7.9% and other accounting for 10.6%. The discrepancy between these and figures quoted elsewhere in this report flow from the "other" figure which includes county and regional support, attributed to "local" or "state" in other reports.

However one counts, it is clear that the major portion of public library funding still comes from local governments. Yet, while expenditures for public libraries have grown, the increase has been far smaller than increases for other municipal services such as schools, police and fire departments. In 1967 public library expenditures were only .55 percent of expenditures for municipal services, and that figure had dropped to .48 percent by 1974. (Evaluation, 1976)

Moreover, the level of support for public libraries varies considerably by jurisdiction. Per capita expenditures range from less than $1.00 to over $15.00, with a median of $3.28. Residents of metropolitan areas support their libraries at a rate of $6.61 per capita, rural residents average $3.01 per capita, and a survey conducted in 1976 found that over 9 million people in the United States are still without library service of any kind. (Evaluation, 1976)

A study conducted in 1977-1978 of 32 large public library systems substantiated these findings. Using 10 of the systems for exhibit purposes it concluded, "While income in all 10 systems grew from 1964 to 1976, the rates of growth show substantial variation. Multnomah County, Oregon grew at an annual rate of less than 3 percent, while San Diego County and Montgomery County grew at an annual rate of more than 13 percent. The great instability of public library income is even more evident in the changes that occurred from 1976 to 1978. The Boston Public Library suffered an absolute decline in income; while Multnomah County library shows a major increase." (Getz, 1979) The study further notes that inflation and the variability of public library finance may cause "sharp changes in library operations."

Expenditures

Total public library expenditures for FY 1977 were $1.4 billion, with operating expenditures accounting for approximately 93% of the total. Major costs for operating a library are wages, acquisitions, and building expenses. According to the NCES survey of 1977-78, the distribution of expenditures for FY 1977 are as follows:

Salaries and wages	54%
Supplies and materials	15%
Equipment	1%
Plant and operation	11%
Capital outlays	7%
Other	12%

Once again, however, these numbers may be deceptive as they represent substantial variation. Several studies, for instance, have found that in metropolitan areas salaries seem to average 65% of library expenditure, but that figure may vary from 48% to 78%.(Getz, ICMA) In any event, salary costs are by far the major portion of the library budget. An examination of expenditure patterns in selected libraries reveals that while the percentage of revenue spent on wages and acquisitions may have changed between the years 1964 and 1978, there is no general trend toward greater or less support in either area. The study concludes, in fact, that "while the price of labor, books, periodicals, and buildings have all increased, libraries have maintained about the same mix of inputs. With rising prices, of course, increased dollar expenditures are actually buying less." (Getz, 1079)

Services

Because budgets are constrained no matter how we look at them, librarians are faced with difficult decisions regarding the allocation of scarce resources among a variety of services. The fact that the general mix of monies spent for wages, materials, etc. has not changed significantly suggests that most public libraries are still trying to be all things to all people, using an ever declining budget.

In this respect the traditional library rhetoric has not provided much guidance. The idea that libraries should serve all in the community no matter what the cost or consumer preference does not help when the library is not funded to achieve even a small portion of that goal.

In fact the real commitment of the library can be found, not in the rhetoric but in the budget. From this point of view services can be described either in functional terms, or in financial ones. Some writers choose to sort by level and type of service: "There are three major areas of social, cultural and educational needs in modern society which the public library is uniquely designed to serve. They are: (1) specialized and research services, (2) information services, and (3) educational-cultural services. In no sense can the public library meet all, or even a major part, of these needs, but the institution is an essential adjunctive resource accessible to all who seek to improve the quality of life." (Alternatives, 1974)

Other writers define services by user groups: "Increasingly, over the years, public libraries have actively expanded their programs and services in order to attract a wider range of clientele. Of reporting cities 97.1% offer preschool programs, 92.8% have special programs for school age children, and 46.4% have school programs for young adults. Programs are offered to adults by 72.5% of reporting cities, to shut-ins by 60.2%, and to individuals in institutions by 43.8%. While only 40.5% offer service to the handicapped now, this percentage is likely to increase as a consequence of recent federal legislation." (ICMA, 1978)

Still others feel that public library services are a function of decisions regarding resource allocation: "For example, perhaps the most fundamental cost consideration in an urban public library system is how many branches of what size to operate; the second most important issue is how many hours to operate; the third is how many new books to add each year; and the fourth is the size of the central library. These are the major decisions that determine the size of a public library budget and to a substantial degree, the quality of service." (Getz, 1979)

It is, in fact, the pursuit of a particular objective or set of objectives that leads public libraries to invest more in one type of input than another. For example, a public library with a research orientation may purchase a large number of titles, but acquire fewer volumes per capita. It would also tend to have a larger portion of its public service staff in the central library, operate the library many hours per week and maintain fewer branches. A public library with a recreational orientation on the other hand, would tend to buy many copies of fewer titles, maintain a large number of branches and reduce hours of operation.

In his study Getz points out that there is a marked difference in the acquisition policies of city libraries, metropolitan libraries, and suburban libraries. City libraries acquire over 25,000 titles annually, while metropolitan libraries average around 14,000 and suburban libraries come in just under 10,000. This difference is further apparent in periodical subscriptions. Boston Public, with its aggressive research orientation subscribes to 11,000 serials titles, city libraries average 3,314, and suburban libraries average 1,431.(Getz, 1979)

Staff allocation further confirms the above observation. In city and metropolitan libraries approximately 42% of the public service staff is assigned to the central library, with over half of the public service staff assigned to central in Boston, Dallas, Minneapolis, San Antonio, and Birmingham. Many suburban systems have no central library at all and those that do assign an average of only 8% of their public service staff to it.

The number of branches and hours of operation provide another indication of intent. Some public library systems operate many branches a reduced number of hours and others operate fewer branches longer hours. Even though an economic analysis of branch activity has indicated that it is more efficient to operate fewer branches longer hours, political realities frequently make branch closing impossible. Conversations with library administrators across the country suggest that public libraries tend to handle reduced budgets in different ways, but ways that are consistent with the underlying library philosophy. Some communities have found that closing branches is politically impossible no matter how desirable economically, others have removed all reference activities from branches and are even renaming them "reading rooms."

This paper does not suggest that there is one best way to allocate public library resources. If anything the small amount of data available suggests that decisions must be made within the context of the community in question. What is clear, however, is that budget expenditures are a primary indicator of the goal and objectives of the library. The Getz study is provocative and begins to suggest correlations between functions and financial allocation. It does not, however, examine the relationship between those items and the ability of the library to attract continued local support, nor does it examine the degree to which local governments can be expected to continue to provide some of the services that are used more generally.

Measurement and Evaluation of Library Services

Just as building, staff and materials are the primary ingredients necessary for the provision of library service, the chief measures of output are circulation; interlibrary loans; research, reference, and information referral; and programs and services. In this context productivity measures most commonly used are: circulation to collection; reference requests to total staff;

borrowers to staff; and borrowers to population. The first three measure output to input and the last is an attempt to measure the extent to which the library reaches its target population.

A number of researchers have attempted to come up with useful ways to evaluate library services. In general these efforts have been by economists, who have attempted to quantify library activities, and by librarians who have concentrated on developing performance measures. Although many of these efforts have contributed a great deal to the literature and toward solving the problems, none have addressed the issues in their totality, and all seem to ignore the most fundamental measure, willingness of the taxpayer to support the service.

A thorough evaluation considers a program from three perspectives: efficiency, effectiveness, and relevancy. Most library measures are efficiency measures, that is the ratio of output to input. Productivity measures listed above (circulation to collection, borrowers to staff, etc.) are examples of this type of evaluation. In general, the research done by economists concentrates on efficiency evaluation.

Effectiveness refers to program output. It looks at the degree to which a given program does what it proposes to do. Examples of this approach are found in the work of many of the library researchers. Some questions which might be addressed in this context include: To what extent is the library buying materials needed by the community?; Is the library providing a mechanism to borrow materials it does not own?; Are story hours being provided as planned? This evaluation does not consider costs, but simply asks: Is the library doing what it says it wants to be doing?

Relevancy is harder to measure, but probably more significant in the long run. It goes beyond the effectiveness and efficiency of the program and examines its impact. This evaluation asks not: Are we doing the job right? but Are we doing the right job? This level of evaluation addresses issues which are harder to quantify, but provide the real basis for operation. For libraries the relevancy consideration brings us back to the purpose of the public library and its functions.

SUMMARY

This chapter has looked at the current status of public libraries, their income, expenditures, services and an evaluation of those services. It is clear that the role of the library is changing and evolving and that there is a strong connection between the functions a library performs and its funding.

As budgets are reduced library administrators make choices in the allocation of remaining monies. These choices are a clear indicator of the priorities of that particular library system. Yet there is no indication that the choices necessarily reflect the desires of the community served.

Much has changed in the last few years. Data are sketchy, incomplete, and conflicting. While we know that priorities are reflected in the budget, we do not know if some configurations of service are more effective than others in meeting the needs of the community and thereby attracting continuing funding.

Major questions to be addressed are: What functions should a public library be performing; To what extent do those functions vary from place to place; To what extent should some of the functions be supported by other levels of government, or by individuals; Are there any commonalities among those libraries enjoying continuing support.

The following chapter will examine these questions from the perspective of public libraries in two states: California and West Virginia. Geographically distant and having very different histories of library support a comparison of very recent events in these two states provides additional insight to the current situation.

CHAPTER 5

TWO CASE STUDIES - A CONTRAST IN STYLE

The foregoing chapters trace trends and outline the economic and public finance aspects of funding for public libraries. Unfortunately, general trends seldom tell the whole story, and may in fact misrepresent the situation for specific libraries. Moreover, the preceding analysis is based on data that are dated, incomplete and occasionally incompatible. The LIBGIS Survey is based on FY 1977 library budgets, and although it contains the most recent information available it does not describe the situation that has developed over the last few years. The real financial crisis for public libraries began on June 6, 1978, when the voters of California passed Proposition 13, the Jarvis-Gann Tax Limitation Initiative.

This chapter will look quite specifically at the results of shifting patterns of public library support in two states: California and West Virginia. These states were selected for several reasons: 1) California was the first state to experience sharp reductions in property taxes and has collected data on the impacts on public libraries; 2) Prior to 1978 California had well developed, locally supported public libraries; 3) West Virginia has not experienced the cutbacks prevalent in other parts of the country, but has shifted the base of public library support anyway; 4) West Virginia is a relatively rural state that had very few public libraries until the last few years. One state has experienced growth while the other has dealt with reduction.

There does, however, appear to be some convergence in the direction each is moving.

As has been pointed out in the previous chapters, public library funding depends on many factors: economic health of the jurisdiction, sources of funding, services provided by the libraries, and political conditions. By examining library developments in two vastly different states we will attempt to find out if there are common elements that contribute to enhanced funding for libraries, or if conditions in different locations require different approaches to library service.

CALIFORNIA

The immediate impact of Proposition 13 on California public libraries was cataclysmic. As in most parts of the country public library funding in California was derived primarily from local taxes on real property. Proposition 13 brought a 62% reduction in this income. Even with the $4 billion of state surplus funds which were distributed to badly damaged local governments, libraries realized little relief.

In July and August 1978, libraries began to reduce staff, materials, branches and hours of operation. In September the California State Library and the California Library Association co-sponsored a special survey of public libraries to determine the effects of Proposition 13. A summary of the findings was published in "Information 13 Newsletter," a publication put out by the California State Library to communicate information about the impact on Proposition 13 on library services. It reported:

"Library service is notably cut back this year [1978] for 18 million of the state's population, served by 113 public libraries. For four and a half million served by 28 libraries it stands at less than 70% of last year's level.

The citizens of California now have 10,877 fewer hours weekly of public library service available to them, a 22% reduction, and will have to be satisfied with a 20% reduction in funds for new materials, back to the 1975 level in a time of soaring book prices. With this has come a 21% reduction in staffing (full-time equivalent), and an actual loss of jobs through lay off for 1,228 public library employees. Inter-library loan activity among the state's libraries declined by 50%, and special programming for children and adults and outreach visits to hospitals and shut-ins were decreased or eliminated in many libraries." (Information 13 Newsletter, Dec. 13, 1978)

Many libraries at the time indicated that they expected to receive some relief from state monies, but if that were not forthcoming additional cuts would have to be made. Moreover, since reductions in library service were related solely to the library's dependence on the property tax, many feared that one result of Proposition 13 would be to exacerbate already existing inequalities. In the words of the newsletter: "It is evident that unless some permanent remedial action is taken to place public library service on a firm financial basis, the general decline started by Proposition 13 this year will continue, and the disparity in the level of library service available to citizens in various areas on the state will increase." (Information 13 Newsletter, Dec. 13, 1978)

By the end of 1980, libraries had begun to recover to some extent from the budget cuts, but had failed to regain the position held in 1978. Income for public libraries in California was estimated at $231.6 million for 1981 which was an increase of 11% over the $208.9 million income of 1980. The income for 1978 was $201.9 million. Although the 1981 figure is 15% higher than the figure for 1978, the increase is illusory in the face of inflation which reduced purchasing power 34%.

In addition, averages themselves are illusory, and the predicted inequalities can be seen in 1981 budgets. Solano County Library enjoyed a 54% increase in budget; Eureka-Humboldt County Library had a 14% reduction; the Palmdale budget was up 31%; and Livermore was down 4%.

Statewide public library expenditures were up 14%, but most increases were in salaries and operating expenses. Funds for materials were up 4%, but after adjusting for inflation, library materials budgets were down 24%. Access to libraries, and library services, made modest recoveries in 1980 and 1981, but were still below the 1978 levels. Eight percent of main and branch libraries had closed; hours of library service available per week had shrunk 14%, and library staff employed was down 10%. As a result of these reductions, use, too, was down with circulation 10% below the 1978 level of 126 million items to 113.8 million in 1980.

The most recent, and thorough, report of the impact of Proposition 13 was issued by the California Assembly Office of Research in June of 1981. This report, entitled **City and County**

Finances in the Post-Proposition 13 Era: An Analysis of Changes in the Fiscal Condition of California Cities and Counties During 1977-78 to 1979-80 Fiscal Years, substantiates many of the findings of the California State Library with respect to libraries.

One of the fundamental conclusions of the report, however, is that "The passage of Proposition 13 in 1978 and subsequent financial assistance legislation profoundly altered the revenue system of local government and the fiscal relationships that had previously existed between the state and cities, counties and special districts." (Bacon, 1981) This is true for several reasons: 1) the property tax not only generated a major portion of local revenue but it was also the only tax controllable at the local level, and 2) the state "bail-out" of local governments hard hit by Proposition 13 strengthened the state and weakened local government, thereby undermining "local control" to a significant extent.

An analysis of revenue sources for city governments may be found in Table III. In the case of the cities, large declines in property taxes and federal and state grants were offset by increases in other city revenue sources. Fees and charges grew 38.8% during this period, but still contribute less than 10% to the total revenue package.

County revenue sources, on the other hand show a dramatic shift. As Table IV indicates, counties now derive 51.7% of their revenue from state and federal sources. This clearly diminishes the power of county government.

Tax and Non-Tax Revenue Support of City Budgets 1977-78 and 1979-80

Tax Based Revenues	1977-78	1979-80
Property, sales and local taxes	49.1%	45.4%
State Shared Taxes	7.2	8.0
Federal Revenue Sharing	3.8	3.7
Federal and State Grants	19.5	16.5
Subtotal	79.6%	73.6%
Non-Tax Revenues		
User Fees and Charges	7.8%	9.9%
Licenses, Permits, Fines	3.8	4.0
Other Revenues	8.8	12.5
Subtotal	20.4%	26.4%
Total	100.0%	100.0%

TABLE III
(Source: Bacon, 1981)

Tax and Non-Tax Revenue Support of County Budgets 1977-78 and 1979-80

Tax Based Revenues	1977-78	1979-80
Property, Sales and Local Taxes	40.0%	26.4%
State Shared Revenues	5.3	6.0
Federal Revenue Sharing	3.4	3.4
Federal and State Grants	34.9	42.3
Subtotal	83.6%	78.1%
Non-Tax Revenues		
Hospital Charges	7.4%	8.8%
Other User Charges	4.2	5.4
Licenses, Fines, Permits	1.9	2.2
Other Revenues	2.9	5.5
Subtotal	16.4%	21.9%
Total	100.0%	100.0%

TABLE IV
(Source: Bacon, 1981)

Expenditures Per Capita in Constant 1977-78 Dollars

City Function	1977-78	1979-80	Change
Police and Fire	$113	$114	+0.8%
Public Works	57	50	-12.3
Libraries	8	7	-12.5
Parks and Recreation	25	23	-8.0
Other Programs	41	35	-14.6
General Government	45	37	-17.8
Total	$289	$266	-7.8%
County Function			
General Government	$50	$40	-20.0%
Public Protection	84	88	+4.8
Roads	15	16	+4.8
Health and Sanitation	74	70	-5.9
Public Assistance	163	132	-18.9
Libraries and Education	5	4	-18.9
Recreation and Cultural	7	6	-20.3
Debt Service	2	2	-14.3
Total	$401	$358	-10.7%

TABLE V
(Source: Bacon, 1981)

If we examine city and county expenditures we begin to see some correlation between source of revenue and expenditures. Table V indicates that those city and county services that derive the bulk of their revenue from property taxes are most effected by the change. Moreover, when forced to compete with "survival services" like police and fire protection, public libraries suffer a disproportionate amount of budget cuts. The report notes that of city services: "Park and library programs showed the largest declines in the level of public service....libraries have reduced public service hours by an average of 14.7 percent over the study period. They have also trimmed spending on books by 15.4 percent after adjustment has been made for the effects of inflation."

Within the counties, which provided a lower per capita support for libraries than the cities prior to Proposition 13, the situation was even worse. "Library public service hours declined by 19.4 percent, the number of branch libraries fell by 10 percent, and library book purchases (inflation adjusted) fell by 12 percent." Without additional data it is impossible to evaluate the differences in reductions for book purchases compared to the reductions in public service hours. It is, however, interesting to note that as a percentage of expenditures in "full service cities" the library portion dropped from 2.8% to 2.6%, in "partial service cities the drop was from 1.2% to 1.0%, and in counties (which group libraries and education) the drop was from 1.2% to 1.1%. The average percentage of local revenue going to public libraries throughout the country is less than one percent.

In FY 1978-1979, 8% of public library revenue was derived from state sources, 9% was from federal sources, and 83% was from local sources. By FY 1979-1980 that balance had shifted to 13% state, 8% federal and 74% local, with the remaining 5% coming from carryover money. The drop in federal support was the result of reductions in the Comprehensive Employment and Training Act program and other federal programs. The shift from local to state support is largely a result of the abrupt decline in property taxes which had provided the underpinnings for local government and represents more the overall reduction in funding rather than any significant increase at the state level.

Clearly, the long term impact of Proposition 13 has yet to be felt. As long as local government continues to provide the major portion of library support, the future of public libraries is tied very closely to the fiscal health of local governments, and most cities and counties are concerned about their own source of funds. Loss of effective local control of the tax base and uncertainty about the mix of federal, state and local support has generated new interest in fees or charges as a source of income. Every city contacted in the recent study indicated that some or all existing fees or charges had been increased since the passage of Proposition 13, but none felt there was any real potential for revenue beyond the financing of the service for which the fee was charged.

In many ways public libraries face the same set of choices and dilemmas that confront the cities and counties themselves. Faced with a cut in budget they can either eliminate services, increase productivity, or look for new sources of revenue. The short term response has been to cut services. The long term response may include a different funding mix as well as a shift in expenditures.

WEST VIRGINIA

In sharp contrast to public libraries in California, libraries in West Virginia have made steady progress over the last decade. Admittedly, they had a long way to go with 400,000 or 23% of the population without any library service at all in 1972. Nevertheless, the accomplishments are noteworthy. In the last eight years, a building program of 104 projects has extended or expanded library service to nearly one million residents of West Virginia, including those previously unserved. The "Instant Library" and "Outpost Library" alone provided library service to thirty-three and twenty-six communities respectively and reached over 200,000 people. Most significant, however, has been the change in funding for public libraries. State support has grown from four cents per capita to $1.43 per capita, and now provides 30% of public library funding.

West Virginia is a rural state. Census figures indicate that 63.9 percent of the estimated 1,744,237 population live in non metropolitan areas compared to the national average of 27 percent. Personal income is below the national average, and the population appears to be growing, in keeping with a national trend toward migration out of metropolitan areas.

The challenges involved in providing library service in a West Virginia setting are clearly different than those connected with a large, diverse, densely populated state such as California. The Five Year Plan for library development prepared in 1972 affirmed that there must be an "infusion of outside funds from either state or federal government, or marginal library operations in economically depleted areas will fail, and there can be no expectations of further library development in areas without service."(Long Range State Program, 1981-1986)

An infusion there was, and a statistical summary will serve to illustrate the results. Public library materials in the State increased by 1,644,419 bound volumes to 3,026,391, that is from 0.95 volumes per capita to 1.74 volumes per capita. Materials loaned grew from 2.3 volumes per capita to 3.80 volumes per capita. This was a result of an increase in financial support that went from $2,268,019 to $9,052,171, a per capita increase of $1.30 to $5.03.

Not only did the financial support grow, but the source of support shifted as indicated below:

Sources of Library Funding

Source	1970	%	1980	%
Municipal	$362,883	16%	$1,407,721	16%
County Court	748,446	33	1,649,113	18
Board of Education	567,005	25	1,201,529	13
Grants-in-aid;				
State	142,458	6	2,670,300	30
Federal	215,745	9	603,210	7
Revenue Sharing			917,870	10
Miscellaneous	249,482	11	579,528	6
Totals	$2,286,019	100%	$9,029,271	100%

(Source: Long Range State Plan 1981-1986)

In a decade the mix of library support changed dramatically from 85% local, 6% state and 9% federal to 53% local, 30% state and 17% federal. This shift brought about a four-fold increase in total library support with the state contribution alone increasing by a factor of more than eighteen. One of the primary reasons that state aid has contributed significantly to continuing support at the local level is a requirement in the regulations governing disbursement of state aid that: "Local operational funds shall not be less than the amount received during the previous year. Grants are established to supplement service and are not intended to reduce the amount of local funding. Should local funding be less than in the preceding year, the library will be ineligible for grants-in-aid." A note attached to the regulation continues: "Funds remaining in the library's account at the end of the fiscal year must be explained to the Library Commission in order to retain eligibility for Grants-in-Aid."

Statewide, public library expenditures closely parallel national percentages. Personal services account for 59.5% of the budget, 18.7% is spent on books, and 21.9% is used for current expenses.

ANALYSIS

Earlier portions of this chapter have traced developments in public library finance over the last few years in two very different states, California and West Virginia. California has experienced massive cuts in funding for public libraries, while West Virginia has enjoyed increased support. Yet libraries in these two states were at quite different points ten, even five years ago. California had sophisticated, well funded public libraries, while West Virginia lacked any library service at all in many parts of the state. Thus in each case the current library picture has been compared to the pre-existing conditions within the state itself, and no attempt has been made to compare the states with each other.

At this point it may be useful to do just that, look at major factors involved in public library support as they compare between states. First, a description of the states:

Indicator	California	West Virginia
Population (1979 est.)	22,696,000	1,878,000
Per capita income	$9,913	$7,470
Total state revenue (1978-79)	$15,211,577,786	$2,157,431,332
Total state expenditure (1978-79)	$17,159,034,024	$2,088,568,054

Next, support for public libraries:

Operating income (1980)	$199,070,216	100%	$9,029,271	100%
Local support	146,712,746	74%	4,837,891	53%
State support	25,519,970	13%	2,670,300	30%
Federal support	16,047,618	8%	1,521,080	17%
Carryover, reserves	10,794,190	5%		
Per Capita support	$8.77		$5.03	
State support per capita	0.23		1.43	
Total operating expenditures (1980)	$195,508,179		$8,775,746	
Materials	27,456,911	14%	1,582,873	18.7%
Staff salaries	127,109,715	65%	5,038,700	59.5%
Current expenses	40,941,553	21%	1,854,238	21.9%
Total circulation	110,284,498		6,633,908	
Circ. per capita	4.9		3.8	

While these data are clearly too thin to arrive at any conclusion, they do suggest some areas of investigation that might provide insight into the question of why some libraries continue to receive financial support in spite of rocky economic conditions when others are floundering.

West Virginia is clearly a poorer state than California. Its libraries have never been as large, as sophisticated, or as well supported. Nevertheless, public libraries in West Virginia are growing, and those in California appear to be on the decline. If we disregard the total per capita support, there are two areas in which major differences can be observed in the financial picture. In the area of income, West Virginia libraries derive a much larger portion of their revenue from the state. In fact, California libraries now derive a greater portion of their revenue from the state than they did in 1978. Of course that picture is skewed because it is more a result of the decline in local support than it is an increase in the state contribution. Yet it may be that a larger state portion is the trend.

A second area of major difference is in the expenditures of public libraries. While the current operating expenses in both states account for approximately the same percentage of expenditures (in spite of the wildly different costs of living) the staff/materials mix is quite different. In California 65% of library revenue is spent on staff support, with only 14% spent on materials. In West Virginia, on the other hand, 59.5% of the budget goes for staff support, while 18.7% is used for the purchase of library materials. The varying costs of labor no doubt have something to do with this variation, but it is unclear to what extent the difference is a result of labor costs and to what extent it embodies a different philosophy of public library service. Further, there is no way of determining from this data whether or not the public is more willing to pay for one type of service or the other.

Libraries reflect the communities they serve in many ways. Thus, one should expect variations in service patterns in the different states. The comparison of selected data from California and West Virginia has illuminated some similarities and points of convergence, and some differences in public library finance and probably philosophies of library service. Moreover, they illustrate some of the points made more generally in previous chapters about the interrelationship between function and funding.

CONCLUSION

The aspect of public library finance that has not been addressed in this chapter has to do with the politics of library funding. Repeatedly when library leaders were asked, "Why do some libraries continue to attract financial support during a tough economy while others do not?" they have replied that it is a political issue. Some library administrators, apparently, are more skillful at building ties to the community which they serve. The services provided by those libraries are valued, and become a priority when decisions are made about allocation of resources. In short taxpayers will continue to pay for those services they value.

While this is undeniably true, it is not the whole story.

There is something about the funding base for public libraries that is not quite sound, and no matter how skillful the administrator, libraries will continue to be underfunded until that problem is resolved. It has to do with the functions of the public library and the appropriate source of funding for performing those functions.

One of the ironies of the case studies presented here is that California libraries are felt to be in terrible trouble while business (library business that is) is booming in West Virginia. Yet, California still supports its public libraries at a level higher than in West Virginia.

The following chapter will examine some options to be considered in the funding of public libraries. It will look at trends that seem to be emerging and create some potential scenarios. Because data are incomplete, incompatible and mostly outdated, the final chapter will outline major issues that demand attention in the area of public library finance.

CHAPTER 6

OPTIONS AND RECOMMENDATIONS

GENERAL SUMMARY

The foregoing chapters suggest several general observations. Libraries may be a public good, but they are also a private necessity. Money flows to money. That is, when one source of money dries up, another does not necessarily appear. In fact, more often than not, additional funding seems to flow to those libraries that are perceived as well supported. Function does indeed follow funding. Historically, libraries have been responsive not to the needs of the public in general, but to the requirements of those who support them.

Public libraries were born as elitist, authoritarian institutions, they were nourished by philanthropy, and matured with the support provided by federal incentives. They now find themselves dependent on a funding base which is both inadequate and inappropriate, they are unfamiliar with methods necessary to attract broad public support, and they are uncomfcrtable with the political arena which has now become their sole access to survival.

The public library is in fact an unrealized institution. Its potential is probably greater than any other public agency we have, but it remains a potential. Broad, poorly articulated goals, insufficient funding, and the onslaught of technology have converged to generate a life threatening situation for public libraries as we know them.

Yet, for libraries as well as for individuals, the greatest liabilities can often become the greatest assets. The general nature of the library role provides an opportunity to develop specific objectives without alienating those who currently support the library as it exists. Public libraries are viewed as a stabilizing element, a preserver of culture, a necessity for a civilized society. These roles can (and should) continue, although alone they are unlikely to attract any more funding than they ever have.

Issues

Public Library Roles

As has been noted previously, funding for public libraries depends to a large extent on the functions they perform. Originally, libraries were formed to give individuals access to more books than any one of them could afford alone. Thus, libraries were supported by individuals to take advantage of economies of scale.

The public library was subsequently perceived as a stabilizing force in a community that also provided a mechanism for individuals to improve themselves. This philosophy was continued during the period when libraries received a large part of their support from philanthropists. Presumably these individuals had a great deal to lose if society did not remain stable and the investment in public libraries made good sense both economically and politically. During this period libraries were viewed primarily as educational institutions to augment, and in some cases to replace the work done by the school.

As public libraries began to depend more and more on local tax support, a burden which was born by a larger portion of the population, it became increasingly necessary to attract those people the library hoped to educate. As a result a greater part of the library budget was spent on recreational reading material, and special programs such as those designed for children sprang up. The recreational function was thereby introduced.

Federal support for libraries began about the time it became apparent that single libraries could not provide all the materials individuals in the community might need. Although the Library Services Act was originally passed to assist rural areas in developing library services, federal grants clearly provided incentives to states to participate in public library support, and later encouraged public libraries to cooperate with each other in the provision of library services. This period was also characterized by numerous "explosions." Information exploded, technology exploded, cities exploded, and currency inflated. Book and periodical titles proliferated, data bases were born, and "media" described a vast array of communication devices. Suddenly librarians spoke of providing information, a function that goes well beyond collecting books.

In spite of the rhetorical commitment to providing information services, most library budgets look very much the same whether they claim to be information providers or not. The reason for this appears to be that there is no financial support base for this service. Libraries are simply not funded to be information centers even though there is a clear and pressing need for the service.

The professional literature is filled with discussions of library and information "needs." Increasingly the question is "needed by whom for what." Clearly people do need information, but it is equally clear that they don't go to libraries for it. It is further obvious that they won't go to libraries for it until libraries can provide what they need, when they need it. For their part public libraries are impeded in this by a funding base that provides money for the collection of books.

Funding

Questions to be considered in public library funding are reasonably straightforward: What is an adequate level of funding? Where should it come from? How should it be spent? As frustrating as it might seem, the answer to each of these questions is: It depends. There are a fair number of taxpayers who feel that the current level of funding is adequate, based on their expectations of what a public library should be doing. Others feel that the public library could do more if it had more to do with. Both are right to the extent that each sees the public library performing different functions.

Based on the brief review of functions, however, the more appropriate question might be: where should the resources come from for the public library to do everything it says it should do - as a cultural, educational, recreational and informational resource? There is no reason to believe that continued reliance on local government funding will enable the public library to realize its potential. Yet, an analysis of different funding mixes does not exist. A first step in developing a model would be to compare existing library budgets. Does the source of income reflect different priorities? What is the impact of a larger state percentage? What activities should federal monies support?

Expenditures, too, require analysis. Why are today's library budgets so similar to those of 20 years ago in the mix of expenditures? Perhaps different mixes of salaries, materials and building maintenance would be more appropriate for the support of different services.

Trends

Local Government

Local government has always provided the major portion of public support for libraries. As a percentage of total local funds, however, support for public libraries has been declining for at least 20 years, from 2.31% in 1959 to less than 1% today. This coincides with the growth of library systems, expansion of city services in general, and the declining capacity of local government to generate revenue. Nevertheless, local government continues to provide an average of 82% of public library support and many writers feel that this is unlikely to change in the foreseeable future.

As long as this situation continues public libraries will remain locked in a downward spiral. It is too easy to assert that libraries should develop better public relations techniques. It is certainly true that political savy is imperative to the survival of a politically supported institution, but no matter what they do libraries will never be able to compete effectively with survival services such as police and fire departments. Even those libraries that are successful in attracting continuing local financial support will find themselves with a revenue ceiling beyond which they simply cannot move.

State Government

At the present time the role of the state government is in flux. Numerous studies have demonstrated that the fiscal capacity of states is largely untapped. States have an obvious responsibility for functioning as a kind of equalizer in providing services throughout the states. Moreover, states have greater taxing authority, and less responsibility for providing basic survival services. Yet asserting that states should do more will not make it happen. In the two case studies, West Virginia has apparently made a significant commitment to supporting library services at the state level, while California has not.

The percentages appear to be changing in the sources of public library revenue with states bearing a larger part of the burden, but more often than not that is a result of diminished local funds rather than increased state funds. States for their part are more vulnerable to federal fiscal incentives in their allocation of resources and less sensitive to the taxpayers themselves than local governments.

Federal Government

The Federal Government provides approximately 5% of public library support, a figure that has been relatively stable for some time. Given the most recent trend to reduce federal spending it is highly unlikely that any increase in federal expenditures for public libraries can be expected in the near term. Most librarians are, in fact, fearful that appropriations for libraries may be cut or folded into block grants.

Even though federal involvement in libraries was initially seen as time limited, the experience of the last 25 years, and emerging patterns of service suggest that the ideal federal role would be financially limited, but critical to library development. The rationale for federal support rests on the reality that no library, no state can provide access to the totality of human knowledge and history. In addition, this knowledge base is a significant national resource without which many of the scientific and technological achievements could not have occurred.

There are some things that can be done at the federal level that simply can not happen at other levels of government. For instance, the federal government can provide the financial incentive for states to increase their involvement in library development. This is the trickle down effect at its best. The very nature of information and learning at this juncture requires significant cooperation among libraries in different states. These networking activities are appropriately supportable at the federal level. Research and demonstration are other areas which are critical for the development of better access to information, no matter what form it comes in. It is, however, unreasonable to expect either state or local government to do much in the way of research.

The Private Sector

From the library perspective the "private sector" comes in two forms: competition and source of funding. Without a doubt information technologies have spawned a vast array of information services for a fee. These range from books which are cheaper and more readily available to sophisticated data bases which can be accessed from home. To some extent these developments have eroded the library "market."

The technology itself,however, can also provide more efficient ways for libraries to provide old services, and the capability of providing new services. While computer and communications technology has hastened the information explosion, it has also given us a way to deal with that explosion. Networks of all types have sprung up, and librarians now speak of accessing rather than collecting everything a client might need.

From another perspective, talk of fees for service is an option which some public libraries are exploring. This can range from charging for library cards to charging for a highly sophisticated, and costly service such as a data base search. Given the public library commitment to providing materials and services free of charge to all who wish them , the use of fees has not been experimented with to any significant extent.

OPTIONS

Based on the history, the issues, and the trends there are several directions in which public library finance could conceivably move. This section will identify some of the principal options that currently exist and examine some of the advantages and disadvantages connected with each. Because data are insufficient, this paper will not attempt to evaluate the various options, but will look at the likelihood of each scenario.

Status Quo

To a large extent the continuation of the status quo is a contradiction in terms. The current situation contains change. Indeed, elsewhere in this paper we speak of trends in that change. Nevertheless, for purposes of discussion, status quo is meant here as the continuation of the same rhetoric, the same functions, and the same funding mix. Thus public libraries would continue to try to provide "one stop shopping" to all of its customers, guard the "people's right to know," be a stabilizing force in the community, and provide culture, education, recreation and information to all comers. Moreover this herculean effort would be supported primarily by local government with some assistance from state and federal sources.

This scenario is appealing for several reasons. Philosophically, it gets us off the hook. It permits librarians to retain rhetoric that is grander than reality but preserves a sense of mission. It does not require any alteration of support patterns, or expenditure patterns for that matter. Business goes on as usual and the ever declining local support will be met with reduced service.

For those interested in growth and a more aggressive role for public libraries this is a discouraging scenario. Yet it is the most likely to occur. The trends and patterns are clear even without more data. Local governments continue to provide the bulk of public library support. Their capacity to do this is declining. Library budgets in general are dropping. Services are cut and the cycle repeats. There have been no significant shifts in sources of revenue in 25 years, and expenditure patterns have not altered in the face of increases or decreases of money available.

On a more positive note, if this pattern continues there are some indications that support for public libraries would stabilize at some level. The level would, however, probably be below the current level of funding after adjusting for inflation.

Balanced Intergovernmental Funding System

At this time libraries enjoy what many would call an intergovernmental funding system. Few, however, would call it balanced. A study published in 1974 by the National Commission on Libraries and Information Science recommended a system of public library support which would ultimately achieve 20 percent funding from the Federal government, 50 percent from the state, and 30 percent from local government. The study accurately notes, even before the most recent round of budget cuts, that local governments are not the most appropriate primary funding agency for public libraries. It further identifies the resources and responsibilities of the state government, and the overall importance of federal involvement.

The arguments presented in support of this alternative are persuasive, but many feel unrealistic. The advantages of this option are numerous. It supports the traditional roles of the public library by suggesting a new funding mix. The study itself notes: "This kind of approach (the figures are not intended to be precise) would insure immediate relief for the over-taxed local jurisdictions, provide increased funds from state and Federal governments to launch needed program improvements and also provide for a strategic intergovernmental fiscal support system capable of achieving the goal over a ten year period of time. The ultimate degree of involvement, as represented by the final percentage figures - 20 percent Federal, 50 percent state, and 30 percent local - reflects adequately an appropriate level of continuing interest and involvement by each governmental level." (Alternatives, 1974)

Unfortunately, in the seven years that have elapsed since the report was issued, little progress has been made in achieving the goal so eloquently presented. There is a move toward greater state involvement, but it is slow and uneven without greater Federal participation to provide incentives. Nevertheless, in 1970-71 only 23 states appropriated money for public libraries, while in 1980 46 made some contribution though in only 12 cases is that contribution more than $1.00 per capita.

If anything the Federal role has declined since the report was issued and the substantial and direct Federal financing needed to "provide national services and linkages, to meet interstate disparities, and to assist in the upgrading of this service to a desired level" has not materialized. Without significant Federal involvement in these areas it is unlikely that the plan as conceived will be realized.

Briefly, the chief advantages of the plan are that it is a rational approach to a tough problem. It accepts the library rhetoric without question and proposes funding mechanisms that are appropriate. It does not, however, address the question of why public libraries are not attracting support. Nor does it examine public library expenditures to see if there is a clue to designing better services. In addition, the plan hinges on participation and leadership by the Federal government, a role the Federal government seems unlikely to play at this moment.

With a strong Federal presence, new legislation, and additional appropriations adequate to accomplish the tasks outlined above, some balanced intergovernmental funding system could be achieved. The percentages would probably be different, but the impact would be the same.

Use of Fees to Supplement Public Support

When budgets are cut administrators can either reduce services, increase productivity, or find new sources of funding. As has been pointed out elsewhere in this paper local governments across the country are turning to user fees as a source of revenue. This option has always been abhorrent to librarians who fear that fees would prevent all citizens in a community from having access to library materials. Yet, most libraries do impose fees of one sort or another. Some charge for overdue books, others charge to take reservations on books. Many rent best sellers, or films, and many that provide access to data bases do so for a fee.

In examining the various functions of the public library it appears that some can be more accurately described as a public good than others. If distinctions could be made between the functions it is conceivable that fees could be charged for some sophisticated services without damaging the public nature of the library.

Elsewhere it has been pointed out that the information role has never been really adequately supported. As a result it is in fact a small part of the public library operation. It may be that specialized research and information services could be provided businesses and individuals at marginal costs. The materials themselves would still be available free of charge for an individual wishing to make use of them.

The advantages of this approach would be that it would force libraries to look realistically at their roles, and would be one way to generate revenue so desperately needed by the library. Some feel that this would be the nose of the camel which would cause a further decline in public support for an essential service. Some in the private sector feel that this would be unfair competition, that a public agency has no business performing those functions that can be provided privately, for profit.

Although a full discussion of this issue is beyond the scope of this paper there is some justification for considering information to be a kind of natural monopoly, like telephone service. It makes more sense for one institution (in this case the public library) to be responsible for its management and distribution in the public interest. That does not imply that some individuals would be prevented from having access. It does, however, alter to some extent our view of the public library and would undoubtedly generate some controversy.

The likelihood of this option occurring depends on how bad the funding picture becomes. Branch libraries are already closing in communities across the nation. Hours are being reduced, services have diminished. It can get worse, it can get much worse. This is one option.

RECOMMENDATIONS

This report has been based on published information and reports, not on original research. As a result statistical data are somewhat uneven and out of date. The most recent data available for public libraries nationwide was collected in 1977, a year before Proposition 13 changed the face of public library finance. Statistical information covering the period from 1978 to present was obtained from only two state, California and West Virginia, and those have had vastly dissimilar experiences.

Nevertheless, the many studies and analyses that exist provide the framework for the events of the last few years. Trends are clear, and issues unchanging. It is popular to assert in all things that a critical point has been reached. The fact that we hear it so often may make us suspicious about the extent to which a crisis is truly upon us. In spite of that, public libraries do appear to be at a major turning point.

Libraries, like other institutions, respond to those who support them, no matter what the rhetoric. At this time, however, it is not clear who is supporting the library. Nor is there a clear picture of other aspects of the current status of public library finance. The following recommendations concentrate on defining those areas in which data collection and analysis is needed. These data will provide more specific information about the options outlined above, and will assist those responsible for the administration of public libraries to make informed decisions.

A New Public Library Inquiry

The Public Library Inquiry of 1948-1949 was more than a study. It was based on an extensive survey, but it looked at the public library in its entirety. It considered its functions, the people it served, and the political context in which it existed as well as financial considerations. It may be time for such an activity to be undertaken again. It could collect very specific information about library financial issues, but it would also provide a broader framework for the analysis of those issues.

Improved Data Collection

Existing data having to do with public library revenue, expenditures, and services are outdated, inconsistent, and incompatible with other data. The National Center for Educational Statistics has had numerous financial problems of its own, but the need for this information continues. Some organization or consortium of organizations should sponsor the development of a data base. Selected data should be collected annually, and be made available electronically. This would assist both the researcher and the library administrator.

Public Library Finance Research Project

There are a number of studies that have looked at sources of revenue. There are others that have analyzed expenditures. Still others have examined productivity aspects of library operations. At this point a study is needed that will relate these aspects of public library finance at look at relevancy issues. Data should be collected about sources of revenue and expenditures and related to the degree of success a public library has in continuing to attract financial support. There is no way of knowing at the present time if some types of services are more desirable than others, if a different mix of expenditures creates a different type of library, or if the differences are simply a function of the strength of the local economy and the political skill of the library administrators.

This study should also collect longitudinal data in order to assess changing patterns of support and services over time. The impact of budget cuts could then to some extent be predicted, with alternative responses suggested. Case studies should be used as well, with libraries in similar communities matched and compared. Otherwise there is a real possibility that the reality of the specific library will be lost in the generality of the average. It does no good to conclude that funding for public libraries has stabilized if half the libraries have had their budget cut in half and the other half has had their budget doubled.

Economic Models

While the preceding study would establish some benchmarks with respect to the current pattern of funding for public libraries, and examine the relationship between financial support and services provided, this effort would develop models for testing. Its purpose would be to examine patterns of library expenditures to see if some distribution of resources is more successful in achieving specific goals than others. It would address questions such as: Is there a level of funding past which resources should go primarily for the acquisition of materials? In a highly automated system can personnel costs be expected to increase, diminish or remain the same? Is there a funding ceiling which public libraries bump up against without a change in service patterns?

CONCLUSION

The options and recommendations outlined above are certainly not exhaustive, nor are they meant to be. They are presented to suggest the range within which public libraries can seek financial support without relinquishing their claim to be "public libraries."

Local government support is declining, and has been for some time. The developments of the last few years are only the most recent, and perhaps most dramatic, manifestation of a long term trend. State support is increasing, but it is doing so slowly and unevenly. Federal support, in spite of appearances to the contrary, has remained reasonably stable, but the yearly fluctuations and uncertainties make this less effective than it could be.

To look at the source of revenue, however, is just one aspect of public library finance. Expenditures are equally important, and reflect more about the goal and objectives of the public library than all the rhetoric that can be found. Expenditure patterns suggest that public libraries are doing just what they have always done, but fewer taxpayers are willing to support the activities.

Both income and expenditures are meaningless, however, without a consideration of role and function. The presumption is that if libraries are performing a service valued by the community, at every level, it will be supported. Yet, public libraries are not supported "adequately," and never have been. It is a question of function more than finance. The articulation of the question made by Joeckel over thirty years age is as valid today as it was then: "Has the public library...a definition of its purpose and of its vital necessity so brief and so simple that it will appeal to citizen and administrator alike?"

We are still looking for that statement of purpose, for funding resources to support it, and for expenditure patterns that satisfy it.

The financial problems of public libraries at this time are massive. These problems are unlikely to disappear in the foreseeable future. If information is in fact the key to intelligent decision making libraries should make use of their own commodity, collect the data they need and be bold enough to confront issues of function, as well as funding.

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118

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